Manitoba
Finance

Financial Statements of Boards, Commissions and Government Agencies

of the
Province of Manitoba

for the Year ended 31st March, 1989

Office of the Queen's Printer for the Province of Manitoba, 1989
WINNIPEG

GOVERNMENT OF THE PROVINCE OF MANITOBA
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ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Shareholders of
A.E. McKenzie Co. Ltd.:

We have examined the consolidated balance sheets of A.E. McKENZIE CO. LTD. (a Manitoba Crown Corporation) as at October 31, 1988 and 1987 and the related consolidated statements of operations, deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1988 and 1987 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

December 23, 1988

A. E. McKENZIE CO. LTD.

CONSOLIDATED BALANCE SHEETS--OCTOBER 31, 1988 AND 1987

ASSETS (Note 6)

	1988	1987
CURRENT ASSETS:		
Cash and term deposits	$ 919,234	$ 2,000
Accounts receivable (Note 5)	1,420,049	1,812,348
Inventory (Note 5)	4,507,335	4,950,678
Prepaid expenses	130,530	73,261
Total current assets	$ 6,977,148	$ 6,838,287
FIXED ASSETS (Note 2)	887,331	988,305
OTHER ASSETS (Note 3)	188,439	268,987
EQUIPMENT UNDER CAPITAL LEASE (Note 4)	132,602	231,890
	$ 8,185,520	$ 8,327,469

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	1988	1987
CURRENT LIABILITIES:		
Bank loan and cheques issued in excess of funds on deposit (Note 5)	$ -	$ 113,211
Accounts payable and accrued liabilities	1,642,536	1,632,519
Current portion of capital lease (Note 4)	97,076	110,906
Current portion of long-term debt (Note 6)	251,177	222,497
Total current liabilities	$ 1,990,789	$ 2,079,133
OBLIGATIONS UNDER CAPITAL LEASE (Note 4)	87,044	184,119
LONG-TERM DEBT (Note 6)	-	251,177
Total liabilities	$ 2,077,833	$ 2,514,429
CONTINGENCIES (Note 8)		
SHAREHOLDERS' INVESTMENT:		
Share capital (Note 7)	$12,268,500	$12,268,500
Deficit	(6,160,813)	(6,455,460)
Total shareholders' investment	$ 6,107,687	$ 5,813,040
	$ 8,185,520	$ 8,327,469

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these balance sheets.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED OCTOBER 31, 1988 AND 1987

	1988	1987
SALES	$14,276,011	$14,013,575
COST OF SALES	7,786,952	7,666,122
GROSS PROFIT	$ 6,489,059	$ 6,347,453
	45.5%	45.3%
EXPENSES (Note 11):		
Selling, marketing and distribution	$ 4,668,116	$ 4,742,898
Administration	1,396,958	1,342,767
	$ 6,065,074	$ 6,085,665
	$ 423,985	$ 261,788
OTHER INCOME (Note 11)	97,644	161,989
NET OPERATING INCOME	$ 521,629	$ 423,777
INTEREST (Notes 4, 5 and 6):		
Long-term	$ 45,569	$ 77,590
Short-term	90,784	118,390
Capital lease	30,528	39,496
	$ 166,881	$ 235,476
NET INCOME BEFORE EXTRAORDINARY ITEM	$ 354,748	$ 188,301
EXTRAORDINARY ITEM (Note 10)	$ 60,101	$ -
NET INCOME	$ 294,647	$ 188,301

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF DEFICIT

FOR THE YEARS ENDED OCTOBER 31, 1988 AND 1987

	1988	1987
DEFICIT, Beginning of year	$(6,455,460)	$(6,643,761)
NET INCOME	294,647	188,301
DEFICIT, End of year	$(6,160,813)	$(6,455,460)

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED OCTOBER 31, 1988 AND 1987

	1988	1987
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income	$ 294,647	$ 188,301
ADD (DEDUCT) - Items not affecting cash:		
Depreciation and amortization	375,205	391,047
Gain on sale of fixed asset	(202)	(73,853)
Extraordinary item	60,101	-
	$ 729,751	$ 505,495
(Increase) decrease in accounts receivable	392,299	(239,125)
Decrease in inventory	443,343	590,016
Decrease (increase) in prepaid expenses	(57,269)	1,015
Increase in accounts payable and accrued liabilities	10,017	13,533
	$ 1,518,141	$ 870,934
CASH (USED IN) FINANCING ACTIVITIES:		
Reduction of long-term debt	$ (222,497)	$ (260,090)
Reduction of bank loan and cheques issued in excess of cash on deposit	(113,211)	(388,184)
	$ (335,708)	$ (648,274)
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES:		
Purchase of equipment under capital lease	$ -	$ (104,235)
Purchase of fixed assets	(89,271)	(159,577)
Disposal of fixed assets	402	76,027
Design development costs	(65,425)	(147,636)
(Decrease) increase in obligations under capital lease	(110,905)	11,811
	$ (265,199)	$ (323,610)
INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	$ 917,234	$ (100,950)
CASH AND TERM DEPOSITS, beginning of year	2,000	102,950
CASH AND TERM DEPOSITS, end of year	$ 919,234	$ 2,000

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 1988 AND 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company:

(a) Accounts Consolidated

These financial statements consolidate the accounts of A. E. McKenzie Co. Ltd. and the following wholly owned subsidiaries:

Steele Briggs Ltd.
McFayden Seeds Ltd.
Pike & Co. Ltd.
Canada Seeds Ltd.

(b) Inventory

Inventory is valued at the lower of cost or net realizable value. Cost of manufactured goods and work-in-process includes material, labor and plant overhead. Cost of finished packets is determined at average cost by variety. Cost for bulk seed is determined at laid-down cost by specific item. Inventory purchased for resale, packaging and shipping materials are valued at an average laid-down cost by item. Provision has been made for obsolescence, germination and slow moving stocks.

(c) Depreciation - Fixed Assets

Depreciation of fixed assets is recorded on the straight-line basis using the following rates:

Buildings	-	2%
Building renovations	-	10%
Equipment	-	10%
Leasehold improvements	-	Term of Lease
Display stands and trays	-	20%
Equipment under capital lease	-	20%

(d) Amortization - Other Assets

i) Computer development costs are amortized on a straight-line basis over five years.

ii) Design development costs associated with new products are amortized on a straight-line basis over five years. Unamortized design development costs for products discontinued are written off completely in the year of discontinuation.

iii) Goodwill is amortized on a straight-line basis over 10 years.

(e) Foreign Exchange

The accounts of the Company denominated in foreign currency have been translated to Canadian dollars on the following basis:

i) Income and expenses are translated using the average currency rates in effect during the period.

ii) Monetary items (primarily accounts payable) are translated at the exchange rate at the financial statement date.

iii) Non-monetary items (primarily inventories) are translated at their historic exchange rates.

The resulting foreign currency gains or losses are included in other income in the current year.

(f) Pension Cost

The Company maintains two fully funded pension plans for its employees.

Pension cost related to the cost-based plan are recorded based on the required contribution under the formula stated in the plan.

Pension cost related to the benefit-based plan are recorded based on the cost of pension entitlements accrued during the period.

(g) Revenue Recognition

A substantial portion of the Company's sales are made on a guaranteed sale or consignment basis.

During the year the Company records all shipments as sales, with a provision for returns based on historical experience.

As of the yearend date, substantially all returns have been processed. For returns which have not been processed, the Company records a provision based on its actual returns for the year.

(h) Income Tax

The Corporation is owned by the Manitoba Government and its agency, the Manitoba Development Corporation. It is therefore exempted from income tax.

2. FIXED ASSETS

	1988		1987	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 30,953	$ -	$ 30,953	$ -
Buildings	1,755,094	1,252,966	1,716,915	1,180,028
Equipment	1,561,919	1,285,155	1,541,575	1,217,819
Leasehold Improvements	91,832	85,837	85,042	72,618
Trays	73,312	62,095	67,982	58,711
Display Stands	462,884	402,610	446,914	371,900
	$ 3,975,994	$ 3,088,663	$ 3,889,381	$ 2,901,076
Cost less accumulated depreciation	$ 887,331		$ 988,305	

3. OTHER ASSETS

	1988		1987	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Development:				
- Design	$ 615,796	$ 428,799	$ 550,372	$ 359,068
- Computer	63,487	62,045	63,487	60,905
Goodwill	150,101	150,101	150,101	75,000
	$ 829,384	$ 640,945	$ 763,960	$ 494,973
Cost less accumulated amortization	$ 188,439		$ 268,987	

4. LEASES

	1988	1987
Equipment under Capital Lease	$ 538,642	$ 537,652
Less: Accumulated Amortization	406,040	305,762
	$ 132,602	$ 231,890

4. LEASES (continued)

The future minimum lease payments under capital and operating leases that have initial or remaining non-cancellable terms in excess of one year at October 31, 1988 are as follows:

	Capital Leases	Operating Leases
1989	$112,844	$125,106
1990	40,246	79,329
1991	28,483	72,600
1992	20,150	42,350
1993	-	-
Total Minimum Lease Payments	$201,723	$319,385
Less: Imputed Interest at 13.5%	17,603	
	$184,120	
Present Value of Obligations Under Capital Lease Due Within One Year	97,076	
Long-Term Obligations Under Capital Lease	$ 87,044	

Aggregate rentals paid on operating leases for real estate, automobiles, computer software and other equipment for the year ended October 31, 1988 amounted to $286,983 (1987 - $346,794). The Company is responsible for all operating costs related to the above. The Company has also guaranteed certain minimum values for automobile leases.

5. BANK LOANS

Bank loans which are required from time to time are secured by inventory, accounts receivable and the assignment of the fire insurance policy. Bank loans bear interest at prime.

6. LONG-TERM DEBT

	1988	1987
Demand debenture, repayable in monthly instalments of principal and interest amounting to $22,339, interest at a fixed rate of 12.5% maturing 1989	$ 251,177	$ 473,674
Less: Current Portion	251,177	222,497
	$ -	$ 251,177

The demand debenture held by the Manitoba Development Corporation is secured by a fixed and floating charge on all assets of the Company subject to prior security held by the bank.

7. SHARE CAPITAL

Authorized -

2,000	Class A common shares, maximum consideration $200,000
5,000,000	Class B common shares, maximum consideration $5,000,000
5,000,000	Class A preferred shares, non-voting, cumulative dividends at the rate of 6% per share per annum, redeemable, maximum consideration $5,000,000
7,154,000	Class B preferred shares, non-voting, non-cumulative dividends at the rate of 6% per share per annum, redeemable, convertible, maximum consideration $7,154,000

Issued and fully paid -

1,145	Class A common shares	$ 114,500
5,000,000	Class A preferred shares	5,000,000
7,154,000	Class B preferred shares	7,154,000
		$12,268,500

7. SHARE CAPITAL (continued)

The Class A preferred shares are redeemable, at the option of the holder and the Company, at $1.00 per share together with any dividends accrued thereon and unpaid. Dividends in arrears at October 31, 1988 were $1,800,000.

The Class B preferred shares are redeemable at $1.00 per share together with any dividends declared and unpaid.

The preferred shares are convertible only with the written approval of the Lieutenant-Governor in Council of the Province of Manitoba. The terms of conversion have not been specified.

All of the issued common shares are owned by the Province of Manitoba. All of the issued preferred shares are owned by the Manitoba Development Corporation.

8. CONTINGENCIES

The Company is a party to certain litigation arising in the normal course of business, the aggregate effect of which, in the opinion of management, would not have a material effect on the Company's consolidated financial statements.

9. IMPUTED INTEREST COST INFORMATION

The following information is supplied in accordance with a request of the Minister of Finance.

The annual borrowing cost to the Government for the investment of $12,154,000 in Class A and B preferred shares, at the weighted average rate of interest paid by the Government in respect of its debt, is as follows:

	1988	1987
Interest rate	10.52%	11.13%
Borrowing cost	$1,278,601	$1,352,740

The above borrowing cost has not been reflected in the Company's financial statements.

10. EXTRAORDINARY ITEM

During 1988, the Board of Directors approved the discontinuance of retail store operations in Brandon and Edmonton. The extraordinary loss represents the write-down of goodwill related to the investment in the Edmonton retail store. No other material extraordinary costs were incurred or are expected to be incurred in the discontinuance of these operations.

The significant financial results related to the two retail stores excluding the write-down of goodwill are as follows:

	1988	1987
Sales	$1,147,623	$ 992,946
Gross profit	307,822	293,901
Gross profit %	26.8%	29.6%
Operating expenses	444,095	374,320
Net loss	$ (136,273)	$ (80,419)

11. RECLASSIFICATIONS

Certain 1987 amounts have been reclassified in order to conform with the 1988 financial statement presentation.

Manitoba

THE ALCOHOLISM FOUNDATION OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedule 1, of The Alcoholism Foundation of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

June 7, 1989
Winnipeg, Manitoba

EXHIBIT A

THE ALCOHOLISM FOUNDATION OF MANITOBA

(Incorporated under the laws of Manitoba)
Balance Sheet as at March 31, 1989

	1989	1988
ASSETS		
Cash	$ 161,900	$ 104,357
Accounts receivable	54,667	75,988
Prepaid insurance	15,097	15,744
Land and buildings, (Notes 2 and 6)	1,877,161	1,877,161
	$ 2,108,825	$ 2,073,250
LIABILITIES		
Accounts payable and accrued liabilities	$ 33,703	$ 308,952
CAPITAL AND RETAINED EARNINGS		
Capitalized land and buildings	1,877,161	1,877,161
Retained earnings (deficit), Exhibit B	197,961	(112,863)
	2,075,122	1,764,298
	$ 2,108,825	$ 2,073,250

EXHIBIT B

THE ALCOHOLISM FOUNDATION OF MANITOBA

Statement of Revenue and Expenditure
Year Ended March 31, 1989

	1989	1988
Revenue:		
Government of the Province of Manitoba operating grant	$ 10,297,400	$ 9,358,100
Other revenue, (Note 5)	1,024,758	823,970
	11,322,158	10,182,070
Expenditure, Schedule 1:	11,011,334	10,220,965
Excess of revenue over(under) expenditure	310,824	(38,895)
(Deficit), beginning of year	(112,863)	(73,968)
Retained earnings (deficit), end of year	$ 197,961	$ (112,863)

EXHIBIT C

THE ALCOHOLISM FOUNDATION OF MANITOBA

Statement of Cash Receipts and Disbursements
Year Ended March 31, 1989

	1989	1988
Cash receipts:		
Government of the Province of Manitoba operating grants	$ 10,297,400	$ 9,358,100
Other	1,045,829	806,660
	11,343,229	10,164,760
Cash disbursements, including grants to external agencies	11,285,686	10,123,370
Excess of receipts over disbursements	57,543	41,390
Cash, beginning of year	104,357	62,967
Cash, end of year	$ 161,900	$ 104,357

THE ALCOHOLISM FOUNDATION OF MANITOBA

Schedule of Expenditures
Year Ended March 31, 1989

	1989	1988
Grants to other agencies	$ 1,815,455	$ 1,575,200
Salaries	5,660,013	5,613,794
Wages	693,984	500,471
Advertising and exhibits	11,309	5,700
Audio-visual aids	32,260	24,555
Audit	5,055	4,343
Automobile	145,517	138,368
Board of Governors' honorarium	15,872	18,273
Books, newspapers and periodicals	20,295	21,688
Educational literature	92,449	68,368
Employee benefits	462,443	416,520
Fees	149,409	161,057
Furnishings and equipment	143,864	54,369
Health and post secondary education tax levy	144,239	137,130
Household requisites	80,490	77,885
Materials, repairs and maintenance	293,340	233,410
Medical services and supplies	99,664	96,860
Miscellaneous	21,246	21,598
Postage and telephone	177,298	163,403
Printing, stationery and office supplies	147,251	112,823
Property taxes	66,426	63,412
Rent and insurance	78,332	73,553
Research grants and evaluation projects	18,824	27,394
Staff development	49,606	49,209
Subsistence	233,010	239,706
Training	38,655	23,215
Transportation of patients	7,037	8,443
Travel	156,685	150,020
Utilities	151,306	140,198
Total, Exhibit B	$ 11,011,334	$ 10,220,965

THE ALCOHOLISM FOUNDATION OF MANITOBA

Notes to Financial Statements
Year Ended March 31, 1989

1. Nature of the Foundation

The Foundation is incorporated under the Alcoholism Foundation of Manitoba Act. The Foundation is the provincial authority responsible for providing prevention and treatment programs related to chemical misuse and dependency to individuals and communities; for conducting research into the negative effects of substance abuse; and in so doing, for promoting the health and well-being of Manitobans. The Foundation is a registered charity within the meaning of The Income Tax Act.

2. Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exceptions that pension charges are reflected when paid and reciprocal transfers are reflected when received (explained in note 4), the costs of leasehold improvements, renovations, furniture, equipment and supplies are expensed in the year of purchase, and there has been no provision made in the accounts for depreciation of buildings, which were acquired with specific grant funds from the Government of the Province of Manitoba.

3. Lease Commitments

The Foundation leases buildings, vehicles and equipment under long-term operating leases which expire at various dates between 1989 and 1994. Some of these leases contain renewal options at rates to be negotiated. The following is a schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 1989.

1990	$54,109
1991	40,510
1992	17,327
1993	15,523
1994	9,055
	$136,524

4. Pension

Employees of The Alcoholism Foundation of Manitoba are pensionable under the Civil Service Superannuation Fund and make contributions at prescribed rates. The Foundation is required to pay 50% of the Fund's pension disbursements made to retired employees and these are charged to superannuation expenditures as paid. The Foundation records 50% of the pension benefit transfers under reciprocal agreement as other revenue when received. No provision is made in the accounts to fund current or past service costs but the Superannuation Fund is subject to a triennial actuarial review. On the basis of an actuarial report, the estimated unfunded liability for the Foundation's employees amounted to $4,058,937 as at December 31, 1988 ($3,387,427 as at December 31, 1987).

THE ALCOHOLISM FOUNDATION OF MANITOBA

Notes to Financial Statements
Year Ended March 31, 1989

5. Other Revenue

	1989	1988
Impaired drivers program fees	$ 601,030	$ 472,125
Recovery of wages, medical services and travel expenditures	86,841	95,062
Services contracts	120,914	80,091
Training course fees	45,764	44,111
Donations	10,914	5,084
Pension Benefit Transfer under Reciprocal Agreement	45,655	-
Miscellaneous	113,640	127,497
	$1,024,758	$ 823,970

Included in recovery of wages, medical services, travel expenditures and service contracts is $147,249 (1988 - $107,467) from the Government of Canada; $11,799 (1988 - $16,036) from the Government of the Province of Manitoba; and $48,707 (1988 - $51,650) from the Manitoba Health Services Commission.

6. Land and Buildings

Land and buildings are valued at cost except for Matheson House, Brandon, which is recorded at a nominal value of $1.

B. K. PELL
CHARTERED ACCOUNTANT
WINNIPEG, CANADA

Auditor's Report

The Board
The Alonsa Conservation District No. 3
Alonsa, Manitoba

I have examined the balance sheet of The Alonsa Conservation District No. 3 as at 31 March 1989 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the District as at 31 March 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

B Pell
Chartered Accountant

Winnipeg, Manitoba
24 June 1989

THE ALONSA CONSERVATION DISTRICT NO. 3

BALANCE SHEET

AS AT 31 MARCH 1989

ASSETS

	1989	1988
Current		
Bank and term deposit	$ 36,511	$ 38,404
Accounts receivable		
Conservation District Authority	134	15,796
	36,645	54,200
Fixed		
Office equipment etc.		
Cost less depreciation of $2,128 and $1,205	5,545	5,346
	$ 42,190	$ 59,546

LIABILITIES AND SURPLUS

	1989	1988
Current		
Conservation District Authority	$ -	$ 16,529
Account payable	1,012	-
Unexpended part of Ducks Unlimited grant	4,318	4,318
	5,330	20,847
Emergency reserve account	5,000	5,000
Surplus	31,860	33,699
	$ 42,190	$ 59,546

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 1989

	1989	1988
Revenue		
Province of Manitoba allocated grant	$168,534	$157,219
Municipal Grant		
General	30,145	29,346
Re: Manager's salary	5,125	2,700
Forage seed recoveries	22,101	23,771
Bank interest	4,312	3,202
Province of Manitoba - flood grant	-	4,488
- employment grant	2,192	-
Government of Canada employment grant	-	2,963
Ducks Unlimited - earned portion of $5,000	-	682
Sundry	-	6
	232,409	224,377
Expenditure		
Projects		
Miscellaneous crossing repairs	10,403	29,134
Channel maintenance	64,981	43,493
	75,384	72,627
Board remuneration and expense	11,376	8,385
Other administration	27,315	21,597
Manager's salary and expense	34,074	34,308
Forage seed	75,567	76,279
Resource extension etc.	5,442	1,905
Summer student	3,397	3,904
Rotational grazing	-	2,729
Soils (air photos)	1,127	-
Wildlife	566	-
	234,248	221,734
Province share of flood grant	-	3,740
	234,248	225,474
Excess of expenditure	(1,839)	(1,097)
Surplus		
Balance, beginning of period	33,699	34,796
Balance, end of period	$ 31,860	$ 33,699

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF PROVINCIAL CONTRIBUTIONS

FOR THE YEAR ENDED 31 MARCH 1989

		% SHAREABLE		SHARE	
	AMOUNT	PROV.	DIST.	PROV.	DISTRICT
Projects					
Crossings	$ 10,403	75	25	$ 7,802	$ 2,601
Channel maintenance	64,981	75	25	48,736	16,245
	75,384				
Board administration	11,376	75	25	8,532	2,844
Other administration -	25,731	75	25	19,298	6,433
-	1,584		100	-	1,584
Manager's salary and expenses	34,074	75	25	25,555	8,519
Forage seed	75,567	75 (1)		52,500	23,067
Resource extension	5,442	75	25	4,080	1,362
Summer student (net)	1,205		100	-	1,205
Soils	1,127	75	25	845	282
Wildlife	566	75	25	424	142
Display panels	1,012	75	25	762	250
	$233,068			$168,534	$ 64,534

(1) Shareable 75% up to $70,000

THE ALONSA CONSERVATION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1989

1. Until 1 April 1988, except for payroll and incidental expenses, the expenses of the District had been paid from a bank of the Conservation District Authority, a Provincial Agency which pays accounts for four districts in all. The District now makes all its own expenditures.

2. The Province of Manitoba provides the engineering and technical staff requirements of the District at no charge.

Manitoba

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of the Board of Administration under The Embalmers and Funeral Directors Act for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 12, 1989
Winnipeg, Manitoba

EXHIBIT A

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Balance Sheet
as at December 31, 1988

	1988	1987
ASSETS		
Cash	$ 50786	$ 45,285
Accounts receivable	-	35
	$ 50,786	$ 45,320
LIABILITIES		
Accounts payable	$ 3169	$ 900
RETAINED EARNINGS		
Balance, beginning of year	44420	37,782
Add: Revenue over expenditure for the year, Exhibit B	3197	6,638
Balance, end of year	47,617	44,420
	$ 50,786	$ 45,320

EXHIBIT B

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Revenue and Expenditure for the year ended December 31, 1988

	1988	1987
Revenue:		
Licences:		
Funeral Homes	$ 5,300	$ 5,300
Funeral Directors	4,225	4,050
Embalmers	1,720	1,640
Agents	350	450
Articled student registration, courses and examination fees	10,140	10,575
Interest	2,442	1,985
Miscellaneous	3	175
	24,180	24,175
Expenditure:		
Audit	1,000	870
Honoraria - board members	275	550
- acting registrar	1,000	1,000
- assistant principal	500	-
Miscellaneous	387	567
Postage	333	263
Printing licenses	2,071	345
Courses and seminars - instruction, classrooms, texts	14,587	12,225
Board meetings	830	1,300
Bad debts written off	-	417
	20,983	17,537
Revenue over expenditure, Exhibit A	$ 3,197	$ 6,638

BOARD OF ADMINISTRATION UNDER
THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
December 31, 1988

1. Nature of the Board of Administration

The Embalmers and Funeral Directors Act established the Board of Administration. The Board licenses and regulates embalmers and funeral directors and prescribes the courses of training and instruction for articled students.

2. Summary of Significant Accounting Policies

a) General

The accompanying financial statements are prepared in accordance with generally accepted accounting principles, except for the accounting for articled student programs as set out in b) below.

b) Articled Student Programs

The Board of Administration uses the cash basis for revenues and expenditures in the articled student programs.

c) Services Provided by the Province of Manitoba at no charge

The Province of Manitoba provides the services of a bookkeeper and an accountant at no charge to the Board of Administration. These services are estimated to be $5,000 per year and are not reflected in these statements.

Manitoba

BRANDON UNIVERSITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A - H and Schedules 1 - 6, of Brandon University for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

June 9, 1989
Winnipeg, Manitoba

STATEMENTS

Brandon University
Comparative Balance Sheet
as at March 31, 1989 and March 31, 1988

Statement A

ASSETS

	1989	1988
Current:		
Cash and bank		
General Operating	$ 441,362	$ 1,150,595
Trust Fund	248,261	588,937
Investments		
Trust Fund (notes 1B & 4)	3,402,369	2,173,487
Accounts receivable		
General (note 9)	621,998	616,292
Special	920,211	460,617
Bookstore inventory, at cost	134,614	130,521
Prepaid expenses	115,530	167,997
	5,884,345	5,288,446
Loan Receivable (note 14)	750,000	
Investment in Subsidiary Company (note 11)	157,607	155,436
Fixed: Schedule 1 (notes 1D, 2 and 3)		
Land and buildings	36,106,141	35,176,660
Furnishings and equipment	17,539,158	16,046,374
Zone properties	308,695	302,257
Construction in progress	100,477	56,000
	54,054,471	51,581,291
	$60,846,423	$57,025,173

Approved by the Brandon University Board of Governors on June 15, 1989.

LIABILITIES & FUND BALANCES

	1989	1988
Current:		
Accounts payable and accrued liabilities	$ 2,369,862	$ 2,365,173
Deferred income	8,900	4,860
	2,378,762	2,370,033
Long-term:		
5 1/8% Mortgage, $41,608 principal and interest payable semi-annually July 1, 1989 - 2012	1,129,356	1,153,751
8 1/4% Mortgage, $66,686 principal and interest payable semi-annually April 1, 1989 - 2021	1,504,450	1,513,162
Early Retirement Agreements (note 8)	79,026	116,673
Pension Contract	22,000	44,000
Zone properties mortgages (notes 1E and 5)	7,898	13,352
	2,742,730	2,840,938
Fund Balances:		
Operating, Regular	162,770	196,260
Early Retirement Appropriation (note 8)	(457,252)	(199,040)
Operating Fund Account, Statement C	(294,482)	(2,780)
Specific Provisions Fund Account, Statement D	19,742	
Research and Special Purpose Fund, Statement E (note 1G)	778,022	836,421
Capital Purpose Fund, Statement F (note 1H)	155,577	(875,453)
	658,859	(41,812)
Trust:		
Scholarship and Endowment Fund, Statement G	3,614,721	2,916,872
	4,273,580	2,875,060
Equity in Subsidiary Company (note 11)	157,607	155,436
Investment in Fixed Assets, Statement H	51,293,744	48,783,706
	$60,846,423	$57,025,173

Comparative Statement of General Fund Revenues and Other Additions and Expenditures and Other Deductions for the years ended March 31, 1989 and March 31, 1988

Statement B

	Operating Fund Account		Research and Special Purpose Fund Account
	1989	1988	1989
REVENUES AND OTHER ADDITIONS:			
Student Fees	$ 2,724,518	$ 2,420,022	$ 41,390
Grants:			
Universities Grants Commission	12,686,081	12,565,989	
Province of Manitoba			3,130,419
Government of Canada		31,783	1,159,275
City of Brandon	188,743	174,047	
Other	72,061	78,352	
Scholarships and bursaries			163,386
Ancillary Enterprises	2,873,636	2,695,846	216,587
Miscellaneous	320,447	289,429	690,045
Total Revenues and Other Additions Schedule 2	18,865,486	18,255,468	5,401,102
EXPENDITURES AND OTHER DEDUCTIONS:			
Academic - general	9,798,587	9,515,227	
- specific			5,079,528
Library	1,082,151	1,145,586	
Student Services	999,597	942,567	
Administration	913,536	934,758	
General support	1,404,383	1,464,954	
Plant and maintenance	1,825,159	1,545,597	
Scholarships and bursaries			163,386
Ancillary Enterprises	2,812,272	2,706,960	216,587
Total Expenditures and Other Deductions Schedule 3	18,835,685	18,255,649	5,459,501
Net Revenues and Other Additions (Net Expenditures and Other Deductions) for the year before Specific Provisions and Special Item	29,801	(181)	(58,399)
Appropriated Specific Provisions (note 12)	(19,742)		
Special Item (note 8) - Change in Early Retirement Appropriation	(258,212)	39,317	
Net Revenues and Other Additions (Net Expenditures and Other Deductions)	$ (248,153)	$ 39,136	$ (58,399)

Research and Special Purpose Fund Account	Capital Purpose Fund Account		Total	Total
1988	1989	1988	1989	1988
$ 34,561	$	$	$ 2,765,908	$ 2,454,583
38,000	200,000	1,994,234	12,886,081	14,598,223
3,076,024		35,000	3,130,419	3,111,024
1,000,434	1,250,000	455,563	2,409,275	1,487,780
			188,743	174,047
	913,087	106,490	985,148	184,842
149,477			163,386	149,477
216,587			3,090,223	2,912,433
746,397			1,010,492	1,035,826
5,261,480	2,363,087	2,591,287	26,629,675	26,108,235
	1,204,611	1,965,343	11,003,198	11,480,570
4,569,383			5,079,528	4,569,383
		56,000	1,082,151	1,201,586
	82,968	396,877	1,082,565	1,339,444
			913,536	934,758
			1,404,383	1,464,954
	44,478		1,869,637	1,545,597
149,477			163,386	149,477
216,587			3,028,859	2,923,547
4,935,447	1,332,057	2,418,220	25,627,243	25,609,316
326,033	1,031,030	173,067	1,002,432	498,919
			(19,742)	
			(258,212)	39,317
$ 326,033	$ 1,031,030	$ 173,067	$ 724,478	$ 538,236

Comparative Statement of Operating Fund Account
for the years ended March 31, 1989 and March 31, 1988

Statement C

	1989	1988
Balance at beginning of year	$ (2,780)	$ (32,860)
Net Revenues and Other Additions (Net Expenditures and Other Deductions) for the year before Specific Provisions and Special Item - Statement B	29,801	(181)
	27,021	(33,041)
Less		
Change in specific provisions	(19,742)	-
Change in early retirement appropriation	(258,212)	39,317
	(277,954)	39,317
	(250,933)	6,276
Adjustment of prior years' operations, net	(43,549)	(9,056)
Balance at end of year, Statement A	$ (294,482)	$ (2,780)

NOTE: The University has implemented an Early Retirement Plan whereby it expects that the initial costs of the Plan will be more than offset from future cost savings. The change in early retirement appropriation shown above, represents the transactions associated with the Plan and will be recovered over the early retirement period as cost savings occur. (see note 8)

Specific Provisions Fund Account
for the year ended March 31, 1989

Statement D

	Print Shop Equipment Replacement	Vehicle Replacement	Total 1989
Provided from General Operating	$ 6,200	$ 13,542	$ 19,742
Applied to General Operating			
Net Change in the Year, and Balance at end of year, Statement A (note 12)	$ 6,200	$ 13,542	$ 19,742

Statement of Research and Special Purpose Fund Account for the year ended March 31, 1989

Statement E

	Balance March 31, 1988
Research	
Government of Canada	
Social Sciences and Humanities Research Council	$ 61,384
Health and Welfare	36
Natural Sciences and Engineering Research Council	88,835
Others	
Province of Manitoba	1,537
Municipal	27
Others	81,662
	233,481
Special Purpose Fund	
Government of Canada	271,811
Province of Manitoba	37,889
Universities Grants Commission	
Others	6,542
	316,242
Special Programs	
Brandon University Northern Teacher Education Program (B.U.N.T.E.P.)	171,964
Program for the Education of Native Teachers (P.E.N.T.)	27,300
Brandon University Indian Leadership Development Program (B.U.I.L.D.)	10,201
	209,465
Scholarships and bursaries	-
Expenditure recoverable included in accounts receivable	77,233
Balance as at March 31, 1988 and 1989, Statements A & B	$ 836,421

Revenues and Other Additions	Expenditures and Other Deductions	Balance March 31, 1989
$ 136,287	$ 141,175	$ 56,496
-	36	-
231,402	208,803	111,434
21,080	22,311	306
-	27	-
73,458	58,496	96,624
462,227	430,848	264,860
791,586	833,499	229,898
75,339	61,603	51,625
216,587	216,587	-
339,745	318,943	27,344
1,423,257	1,430,632	308,867
3,034,000	3,057,329	148,635
356,461	367,105	16,656
-	10,201	-
3,390,461	3,434,635	165,291
163,386	163,386	-
(38,229)	-	39,004
$ 5,401,102	$ 5,459,501	$ 778,022

Comparative Statement of Capital Purpose Fund Account for the years ended March 31, 1989 and March 31, 1988

Statement F

	1989	1988
Balance at beginning of year	$ (875,453)	$(1,057,576)
Additions:		
Universities Grants Commission	200,000	1,994,234
Province of Manitoba		35,000
Government of Canada	1,250,000	455,563
Knowles-Douglas Commission	163,087	106,490
Loan Financing	750,000	
	2,363,087	2,591,287
Deductions:		
Queen Elizabeth II Music Building	1,204,611	1,965,343
Library		56,000
Knowles-Douglas Students Union Centre	82,968	396,877
Steam Plant	44,478	
	1,332,057	2,418,220
Net Change in the Year	1,031,030	173,067
Adjustment of prior year's operations, net		9,056
Balance at end of year, Statement A	$ 155,577	$ (875,453)

Comparative Statement of Scholarship and Endowment Trust Fund Account for the years ended March 31, 1989 and March 31, 1988

Statement G

	1989	1988
Balance at beginning of year	$ 2,916,872	$ 2,275,566
Additions:		
Contributions during the year	731,765	638,609
Income from investments (note 1B)	303,293	208,276
	1,035,058	846,885
Deductions:		
Scholarships, bursaries and other awards	163,386	149,477
Transfer to General Fund	116,077	35,000
Fundraising Expenses	33,868	-
Management fees and administrative expenses	11,371	13,098
Sundry expenses	12,507	8,004
	337,209	205,579
Balance at end of year, Statement A and Schedule 6	$ 3,614,721	$ 2,916,872

Comparative Statement of Investment in Fixed Assets
for the years ended March 31, 1989 and March 31, 1988

Statement H

	1989	1988
Balance at beginning of year	$48,783,706	$45,401,589
Additions:		
Charges to expenditure	1,692,926	2,513,539
Construction during the year	817,112	868,578
Net Income from zone properties	5,458	4,923
Deductions:		
Mortgage repayment	(5,458)	(4,923)
	2,510,038	3,382,117
Balance at end of year, Statement A	$51,293,744	$48,783,706

Notes to Financial Statements
for the year ended March 31, 1989

1. Significant Accounting Principles and Reporting Practices

A. Fund Accounting

The accounts of the University are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. For financial reporting purposes, accounts with similar characteristics or objectives have been combined to establish the General and Trust Funds.

B. Investment of Trust Funds

Trust funds available for investment are pooled. Investment income is distributed to each participating fund annually at March 31. Investments are recorded at cost or at fair market values at the date of acquisition or donation respectively. Gains or losses on sales of investments are recognized in the fiscal year of disposal.

C. Accounting Basis

The University accounts are maintained to provide a matching of Revenues and Other Additions and Expenditures and Other Deductions to the fiscal year in which the items were budgeted. As a consequence of this policy, the following modifications to the accrual basis of accounting have been adopted by the University:

a) Regular session student fees and ancillary enterprises income which pertain to a period after the University's fiscal year-end are not treated as deferred income but are recorded as revenues of that fiscal year.

b) The costs of sabbatical leaves are accounted for in the fiscal year in which the expenditures are made; other payroll costs have not been accrued from the last pay period in the fiscal year to March 31.

c) Accrued interest has not been taken into account on the University's trust investments or trust liabilities.

d) Consumable supplies are charged to operations in the fiscal year they are acquired. Except for the bookstore, the costs of the unused supplies as at March 31 are not included in inventory for financial statement presentation purposes.

Notes to Financial Statements for the year ended March 31, 1989

D. Property, Plant and Equipment

Land and buildings are purchased with capital funds and charged to the general fund - capital purpose.

Land - is recorded as per the Municipal Tax Assessment values as of December 31, 1988.

Buildings- are shown at the values established by an appraisal report completed as of July 1984 by Sunalta Appraisals Ltd. with all subsequent additions recorded at cost.

Furnishings and equipment including library books are purchased with operating funds and charged to the general fund - operating. These are shown at the values established by an appraisal report completed as of July 1984 by Sunalta Appraisals Ltd. with all subsequent additions recorded at cost.

Increases or decreases to the fixed assets are reflected as an adjustment to Investments in Fixed Assets.

Depreciation is not provided for on the fixed assets.

E. Mortgage Principal Repayment

Repayments of mortgage principal are charged to operations and a Special Purpose Fund, except for repayment of Zone Properties mortgages which are charged to Investment in Fixed Assets.

F. Operations

Ancillary Enterprises provide goods and services not directly associated with the University's primary education objective. These activities are expected to operate on a break-even basis, except for payments of principal and interest on long-term debt, which are funded from other sources. Ancillary Enterprises is assessed all significant overhead costs associated with its operations.

G. Research and Special Purpose Fund Account

From time to time, certain funds are received by the University for specific purposes. In the fiscal year that the funds are received, they are shown as income on the Statement of Income and Expenditures.

H. Capital Purpose Fund Account

Funds received by the University for Capital purposes are reported in the Fund Balances section of the Balance Sheet, until such time as they are applied to the expenditures for which they were received.

Notes to Financial Statements
for the year ended March 31, 1989

H. Capital Purpose Fund Account - continued

The balance of $155,577 in the Capital Purposes Fund Account represents contributions received in excess of costs as of March 31, 1989 in respect of the new Steam Plant and Library.

2. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Government of the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. under a 99 year lease for a nominal consideration of $1, with the University being required to supply certain services to the Auditorium for which it is reimbursed.

3. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles-Douglas Student Union Centre Inc. under a 50 year lease for the nominal consideration of $1 per year, with the University being required to supply certain services.

4. Investments

Details regarding the Investments are as follows:

	Book Value	Market Value
Term Deposits:	$ 1,461,608	$ 1,461,608
Bonds:		
Government of Canada	1,443,488	1,479,680
Other	143,880	152,964
Stocks:	353,393	391,849
	$ 3,402,369	$ 3,486,101

Notes to Financial Statements
for the year ended March 31, 1989

5. Zone Properties

There are several mortgages outstanding as at March 31, 1989 having varying maturity dates. Under the terms of the various mortgages, monthly payments of $551 are required covering principal and interest.

6. Bookstore

An agreement between the University and the Brandon University Students' Union provides for the equal sharing of profits of the University's bookstore operations. Profits payable to the Students' Union amounted to $29,584 for the year ended March 31, 1989 (1988 - $17,016).

7. Pension Plans

Brandon University contributes to a trustee-administered pension plan for its employees. Both the University and the employees contribute to the pension plan on the basis of the employees' regular salary.

The actuarial valuation was completed as at January 1, 1987 to determine the plan's position and established a plan surplus of $2,027,000. The next actuarial valuation is to be made as at January 1, 1990.

There are also special pension contracts subject to conditions being fulfilled. The University amortizes the costs thereof by an annual charge to operations.

The accounts of the Brandon University Retirement Plan do not form part of the University's financial statements. The Plan's financial statements are audited and reported on by the Provincial Auditor.

8. Early Retirement

The University had entered into individual agreements with employees on the basis of an Early Retirement Plan approved by the University Board of Governors. Eligible employees could elect, until August 1988, to participate in the Plan.

Under the Plan, the University provided financial incentives to eligible employees electing early retirement. The payments associated with these incentives occurred during the early years of the early retirement, primarily the first year. The University expects to offset these costs through either not replacing, or replacing at a lower salary, the retired employees. The payback period for the Plan is expected to be three (3) to five (5) years.

Notes to Financial Statements
for the year ended March 31, 1989

9. Accounts Receivable

	1989	1988
Student receivables	$430,070	$315,156
Other receivables	302,699	399,954
	732,769	715,110
Allowance for doubtful accounts	110,771	98,818
	$621,998	$616,292

10. Computer Services

The Universities Grants Commission paid $170,697 to the University of Manitoba to provide computer services to Brandon University. This amount is not reflected in the account of Brandon University.

11. Investment in Subsidiary Company

Brandon University Holding Company Limited was incorporated as a wholly-owned subsidiary of Brandon University in 1985. The Holding Company was established for the purpose of holding shares in subsidiary companies. The subsidary company, WESTARC Group Inc., was set up to achieve a dissemination of expertise from the University to the public and private sectors.

WESTARC Group Inc., a wholly-owned subsidiary of Brandon University Holding Company Limited, was incorporated in 1985.

The University accounts for its investment in accordance with a modification of the equity method. Under this method, contributions to the subsidiary company, and its earnings, are added to the investment in the subsidiary. Dividends from the subsidiary are subtracted from the investment in subsidiary and are recorded and reflected in the Statement of General Fund Revenues and Other Additions and Expenditures and Other Deductions. During the year ended March 31, 1989, $4,500 of such dividends were recorded.

11. Investment in Subsidiary Company - continued

The investment and related equity account are summarized as follows:

	1989	1988
Investment in Subsidiary Company	$	$
Share Capital	1	1
Brandon University Holding Company Limited Retained Earnings	157,606	155,435
Current balance of Investment in Subsidiary Company	$157,607	$155,436
Equity Account	$157,607	$155,436

12. Appropriated Specific Provisions

The University created a specific provision account to guarantee future replacement of fixed assets that are central to the operations of the University.

13. Grants in Lieu of Taxes

Grants in lieu of taxes of $1,152,372 and $1,077,207 for the fiscal years ending March 31, 1989 and 1988 respectively, were paid on behalf of the University by the Department of Municipal Affairs. These figures are not reflected in the accounts.

14. Loan Receivable

The University issued a loan of $750,000 to the Knowles-Douglas Commission to cover the remaining debt on the building. The terms are 20 years with annual payments of $100,000 due January 1st of each and every year with the option of making additional payments. The rate of interest is 12% for the first 5 years, at which time it will be renegotiated.

15. Restatement of Accounts

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1989.

SCHEDULES

Schedule 1: Fixed Assets

	Total March 31 1989	Total March 31 1988
Buildings:		
Arts and Library building	$ 1,747,293	$ 1,746,745
Centennial Auditorium (note 2)	3,239,501	3,239,501
Darrach Hall and Dining Hall	2,533,601	2,533,601
Drama building	227,650	227,650
Education building	2,156,496	2,140,813
Flora Cowan Hall	1,413,758	1,413,758
Gymnasium	835,754	817,337
Jeff Umphrey Centre	528,842	528,842
J.R. Brodie Science Centre	6,810,767	6,804,663
Kinsmen Stadium	27,036	27,036
Knowles-Douglas Student Union Centre	1,808,665	1,804,339
McMaster Hall	3,546,143	3,546,143
Original building and Clark Hall	1,553,854	1,546,424
President's residence	134,095	134,095
Queen Elizabeth II Music building	6,443,706	5,616,443
Steam Plant	994,030	994,030
Student Services building	809,717	765,791
Temporary buildings	176,695	170,911
Utility services	386,508	386,508
	35,374,111	34,444,630
Land and site development:		
Land	542,750	542,750
Site development	189,280	189,280
	732,030	732,030
Land and buildings	36,106,141	35,176,660
Furnishings and equipment	17,539,158	16,046,374
Zone properties	308,695	302,257
Construction in progress	100,477	56,000
Fixed Assets, Statement A	$54,054,471	$51,581,291

Schedule 2: Operating Fund Revenues and Other Additions

	Total March 31 1989	Total March 31 1988
Tuition Fees:		
Regular session	$ 1,939,828	$ 1,726,546
Evening session - credit	111,945	91,026
Evening session - non-credit	196,821	164,611
Spring session	76,664	76,620
Summer session	68,420	69,234
Music Conservatory	216,825	188,494
Other	114,015	103,491
	2,724,518	2,420,022
Grants:		
Universities Grants Commission:		
Operating	12,356,081	11,895,307
Renovations & equipment	330,000	415,916
Manitoba Universities Development Fund	-	254,766
	12,686,081	12,565,989
Government of Canada		
Department of Indian Affairs	-	31,783
City of Brandon	188,743	174,047
Other:		
Donations	72,061	45,352
Manitoba Community Services Council	-	33,000
	72,061	78,352
Ancillary Enterprises (Schedule 5)	2,873,636	2,695,846
Miscellaneous:		
Rentals	18,262	13,750
Sundry	113,607	101,346
Interest income	188,578	139,333
Bad debt recoveries	-	35,000
	320,447	289,429
Total Revenues and Other Additions, Statement B	$18,865,486	$18,255,468

Schedule 3: Operating Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health Education Tax
Academic General:				
Faculty of Arts	$2,053,227	$ 95,564	$171,023	$ 49,293
Faculty of Science	2,536,127	209,224	224,874	63,127
Faculty of Education	1,188,863	167,905	107,093	30,915
School of Music	929,807	73,609	79,972	22,506
Extension Department	343,934	76,949	24,168	9,524
Media Centre		50,444	5,010	1,137
Senate		4,440	124	97
Music Conservatory	172,580	9,241	6,499	4,112
Non-Credit Programs				
	7,224,538	687,376	618,763	180,711
Library:		715,209	62,802	16,089
Books and periodicals				
		715,209	62,802	16,089
Student Services:		533,416	46,159	13,514
Athletic programs		140,384	9,251	2,950
		673,800	55,410	16,464
Administration:				
Board of Governors		3,168		
President		189,610	25,903	3,895
Administration & Finance		392,688	36,628	8,894
Academic & Research		64,976	4,586	1,363
		650,442	67,117	14,152
Carried Forward	$7,224,538	$2,726,827	$804,092	$227,416

Travel	Supplies and Other Expenses	Renovations & Equipment	Deduct: Recoveries	Total March 31 1989	Total March 31 1988
$ 61,456	$ 73,157	$ 19,383	$ 43,439	$ 2,479,664	$ 2,395,825
88,590	244,863	250,070	53,707	3,563,168	3,400,617
49,096	60,396	26,611	66,907	1,563,972	1,614,386
30,338	92,096	53,849	18,762	1,263,415	1,214,071
11,062	54,120	8,852	4,884	523,725	510,944
	6,679	3,174	3,683	62,761	58,572
	10,131			14,792	9,367
242	131		1,703	191,102	197,059
	135,988			135,988	114,386
240,784	677,561	361,939	193,085	9,798,587	9,515,227
11,970	53,679	28,267	70,662	817,354	865,458
	264,797			264,797	280,128
11,970	318,476	28,267	70,662	1,082,151	1,145,586
22,686	39,405	105,912	21,069	740,023	688,924
11,204	279,922	6,973	191,110	259,574	253,643
33,890	319,327	112,885	212,179	999,597	942,567
6,032	17,272			26,472	17,375
13,418	31,315	13,417	3,962	273,596	284,200
10,497	56,154	27,354	1,688	530,527	559,114
4,893	10,653	696	4,226	82,941	74,069
34,840	115,394	41,467	9,876	913,536	934,758
$ 321,484	$ 1,430,758	$ 544,558	$ 485,802	$12,793,871	$12,538,138

Schedule 3: Operating Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Brought Forward	$ 7,224,538	$2,726,827	$ 804,092	$227,416
General Support:				
Alumni Relations		27,756	1,942	621
Bad debt expense				
Computer Services		264,380	24,532	5,966
Convocation		2,602	98	51
Fundraising		70,831	5,227	1,597
Institutional membership fees				
Legal and audit				
Mail Room and Supply Office		41,872	4,091	942
Personnel Services		69,482	5,969	1,567
Planning		42,711	4,340	960
Print Shop		52,271	5,176	1,186
Public Communications		35,377	3,207	801
Purchasing		30,019	2,783	677
Registrar		190,532	17,042	4,288
Telephone Services		22,345	1,777	503
		850,178	76,184	19,159
Plant and Maintenance:				
Buildings & grounds		831,815	141,381	20,642
Steam Plant		188,951	12,045	3,724
Insurance				
Security				
Service Contracts				
Taxes				
Utilities				
		1,020,766	153,426	24,366
Ancilliary Enterprises: (Schedule 5)		909,236	65,470	16,869
Total Expenditures and Other Deductions, Statement B	$ 7,224,538	$5,507,007	$1,099,172	$287,810

Travel	Supplies & Other Expenses	Renovations & Equipment	Deduct: Recoveries	Total March 31 1989	Total March 31 1988
$ 321,484	$ 1,430,758	$ 544,558	$ 485,802	$12,793,871	$12,538,138
3,596	30,420		8,796	55,539	45,897
	23,128			23,128	25,692
918	143,521	127,801	42,745	524,373	572,733
1,710	20,804		1,088	24,177	22,673
9,740	96,480	6,910	123,285	67,500	91,219
	13,806			13,806	11,128
	44,266			44,266	83,972
	123,248		113,383	56,770	51,859
2,252	26,050		528	104,792	90,440
	1,737			49,748	53,275
359	78,978	821	137,670	1,121	(3,157)
1,251	25,141	49		65,826	62,908
	3,581			37,060	35,998
1,789	46,257	11,478	5,482	265,904	262,892
	45,748			70,373	57,425
21,615	723,165	147,059	432,977	1,404,383	1,464,954
845	287,956	69,435	163,580	1,188,494	972,740
	15,761			220,481	212,166
	43,151			43,151	56,954
	24,037			24,037	20,597
	13,915			13,915	14,371
	7,189			7,189	6,843
	627,469		299,577	327,892	261,926
845	1,019,478	69,435	463,157	1,825,159	1,545,597
	1,820,094	603		2,812,272	2,706,960
$ 343,944	$ 4,993,495	$ 761,655	$ 1,381,936	$18,835,685	$18,255,649

Schedule 4: Research and Special Purpose Fund Expenditures and Other Deductions

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Research	$ 17,840	$ 120,674	$ 6,487	$ 3,117
Special Purpose	141,632	463,692	30,168	13,620
Special Programs				
BUNTEP	662,700	501,842	80,322	25,432
PENT	210,891	48,168	19,700	5,818
BUILD	2,500		50	56
Scholarships and bursaries				
Ancilliary Enterprises				
Mortgage payment				
Total Expenditures and Other Deductions, Statement E	$ 1,035,563	$1,134,376	$ 136,727	$ 48,043

ANNUAL FINANCIAL REPORT

Travel	Supplies & Other Expenses	Renovations & Equipment	Deduct: Recoveries	Total March 31 1989	Total March 31 1988
$ 97,222	$ 98,566	$ 86,942	$	$ 430,848	$ 407,777
122,875	392,887	49,171		1,214,045	804,900
236,641	1,550,392			3,057,329	2,990,622
35,041	44,005	4,654	1,172	367,105	364,800
108	4,307	3,180		10,201	1,284
	163,386			163,386	149,477
	216,587			216,587	216,587
$ 491,887	$ 2,470,130	$ 143,947	$ 1,172	$ 5,459,501	$ 4,935,447

Schedule 5: Comparative Schedule of Revenues and Expenditures for Ancillary Enterprises for the years ended March 31, 1989 and March 31, 1988

	Bookstore	Food Services
Revenues:		
Room and board fees	$	$ 822,685
Conventions		59,354
Canteen and vending machines		254,843
Internal functions		28,339
Other	137,364	33,603
Book sales	740,932	
Grant from Manitoba Universities Grants Commission	2,223	14,158
Total Revenues, Schedule 2	880,519	1,212,982
Expenditures and Other Deductions:		
Salaries	82,308	457,904
Staff benefits	9,596	37,165
Cost of goods sold	665,999	416,901
Management fees		56,595
Supplies and other expenses	30,787	133,757
Rent	33,725	
Utilities		51,940
Students' Union share of Bookstore profit	29,584	
Equipment, alterations and other	(1,441)	
Mortgage Payments		
Total Expenditures, Schedule 3	850,558	1,154,262
Net Revenues (Expenditures) for the year before Recovery	29,961	58,720
Recovery of prior years' Capital Expenditure		
Net Revenues (Expenditures)	$ 29,961	$ 58,720

Parking	Residence	1989	1988
$	$ 661,675	$ 1,484,360	$ 1,399,431
	14,855	74,209	98,352
	11,218	266,061	252,041
		28,339	39,069
53,480	33,062	257,509	253,377
		740,932	653,576
	5,845	22,226	
53,480	726,655	2,873,636	2,695,846
23,208	345,816	909,236	869,904
	35,578	82,339	77,806
		1,082,900	989,965
		56,595	73,063
1,688	193,301	359,533	397,780
		33,725	28,104
	199,204	251,144	240,045
		29,584	17,016
	2,044	603	18,656
6,613		6,613	6,621
31,509	775,943	2,812,272	2,718,960
21,971	(49,288)	61,364	(23,114)
			12,000
$ 21,971	$ (49,288)	$ 61,364	$ (11,114)

Schedule 6 Trust and Endowment Fund Accounts

RESTRICTED FUNDS:	Capital	Current	Total
Adams, Norman and Norah Scholarship Fund	$ 600	$ 64	$ 664
Alumni BUSU Sign Fund	275	99	374
Alumni Equipment Fund	189	185	374
Alumni Library Fund			
Annual Donor Scholarship Fund		(875)	(875)
Art Exhibition Fund	785	1,112	1,897
Bain, Lillian Memorial Scholarship Fund	2,320	1,207	3,527
Bilous, Procop and Dora Memorial Fund	1,100	616	1,716
Brandon, Mabel Memorial Fund	8,532	33	8,565
Brandon Sun Centennial Chair in Journalism	10,000	351	10,351
Brandon University Athletic Awards Fund		10,629	10,629
Brandon University Development Fund	3,555	4,720	8,275
Bremner, Elizabeth Ann Award	2,607	324	2,931
Brown, Ian & Shirley Fund	1,277	1,173	2,450
Building from Strength Campaign		272,878	272,878
Cameron, Una B. Memorial Fund	10,000	8,495	18,495
Campus Concert Series Fund		4,216	4,216
Chaudhari, Dr. D.K. Memorial Bursary Fund	5,142	1,758	6,900
Chemistry Department Endowment Fund	600	27	627
Chevron Standard Ltd. Award		6,517	6,517
Christie, E.L. Memorial Fund	15,000	25,673	40,673
Christie, James Memorial Scholarship Fund	6,000	894	6,894
Clark, A. Memorial Book Prize	220	609	829
Corrigan Library Fund for Native Literature	496	1,057	1,553
Crescam Serviendo Award	675	116	791
Cumming, William Purdon Memorial Fund	5,000	5,728	10,728
Demchuk, Dr. N. Memorial Scholarship Fund	27,500	4,952	32,452
Dinsdale, W. Memorial Lecture Series	235	165	400
Dobson, Peter Memorial Scholarship Fund	600	44	644
Douglas, Isabelle Estate	5,000	6,519	11,519
Evans, J.R.C. Masonic Memorial Fund	2,415	1,827	4,242
Evans, J.R.C. Loan Fund	114,000	40,643	154,643
Faculty and Friends of the School of Music		81	81
Faculty of Education Endowment Fund	1,235	58	1,293
Fedoruk-Sym, A.D. Memorial Scholarship Fund	2,000	122	2,122
Fraser, Merle (Lund) Memorial Bursary Fund	2,025	283	2,308
Friends of the Conservatory		(38)	(38)
Geography Scholarship Fund	3,216	162	3,378
Geography Department Endowment Fund	570	27	597
Geology Department Endowment Fund	4,750	419	5,169
Hall, Sarah Harriet Trust	178,672	8,585	187,257
Hannah, R. H. Scholarship Fund	1,250	210	1,460
Hargraves-Mawdsley, Josefina Estate	50,000	5,401	55,401
Hargraves-Mawdsley, N. Memorial Fund	1,695	850	2,545
Harvey, Ian J. Memorial Scholarship Fund	2,826	254	3,080
Hasiuk, J. Memorial Conservatory Development Fund		557	557
Hendzel, Gus Memorial Fund	2,200	866	3,066
Hill, Helen Memorial Scholarship Fund	5,100	226	5,326
Inch, Elizabeth and R.B. United Nations Fund	5,000	3,434	8,434
Inglis, Andrew Memorial Scholarship Fund	1,275	16	1,291
James of Goodlands Bursary Fund	3,000	1,502	4,502
Kidd, A. Vincent Memorial Scholarship Fund	6,490	4,773	11,263
Knowles, Stanley Visiting Professorship	210,286	16,229	226,515
Kyte, Delia Memorial Scholarship Fund	2,000	312	2,312
Lang, R. J. Memorial Fund	5,000	5,690	10,690
Library Development Fund	2,406	1,178	3,584
Carried Forward	$ 715,119	$ 452,953	$ 1,168,072

RESTRICTED FUNDS:	Capital	Current	Total
Brought Forward	$ 715,119	$ 452,953	$ 1,168,072
Lightbody, Dr. C.W. Memorial Fund	2,736	5,614	8,350
Lussier, Napoleon Memorial Fund	1,260	920	2,180
MacDowell, G.F. Economics Library Fund	25,000	4,304	29,304
MacDowell, G.F. General Library Fund	50,000	10,509	60,509
MacDowell, G.F. Memorial Scholarship Fund	50,000	7,504	57,504
MacIntyre, Alexander Prize in Education	2,500	5,983	8,483
MacNeill, Dr. G. Estate	6,728	4,355	11,083
Mann, Jean Memorial Fund	2,000	2,221	4,221
Marshall, Dr. Henry H. Scholarship Fund	2,050	116	2,166
Mathematics/Computer Science Endowment Fund	1,010	67	1,077
McCarthy, R.J. Memorial Scholarship Fund	812	1,482	2,294
McGinn, J.A. Fellowship	2,500	1,019	3,519
McGregor, W. Memorial Fund	2,400	1,740	4,140
McKenzie, A.E. Foundation	313,376	9,924	323,300
McLeod, Dr. J.A. Scholarship Fund	1,310	1,238	2,548
McMillan, Neil Scholarship Fund	5,600	4,853	10,453
Music Bursary Fund		774	774
Music Conservatory Development Fund	18,410	1,538	19,948
Music Outstanding Artists Fund	9,381	782	10,163
Native Studies Department Endowment Fund	1,718	90	1,808
Nursing Department Endowment Fund	1,060	75	1,135
Orchard Memorial Fund	3,500	5,296	8,796
Patmore, R. H. Memorial Fund	10,000	4,432	14,432
Penton, Terry Scholarship Fund	16,125	2,263	18,388
Perdue, Dr. H.S. Memorial Scholarship Fund	2,045	764	2,809
Philosophy Department Endowment Fund	50	5	55
Political Science Department Endowment Fund	40	4	44
Popper, Karl Scholarship in Philosophy	3,300	84	3,384
Riley, Christopher Estate	35,239	38,625	73,864
Robbins, John and Catherine Scholarship Fund	41,006	11,502	52,508
Rowe, G. R. Memorial Fund	10,000	31,638	41,638
Ryles, Alison Memorial Scholarship Fund		3,156	3,156
School of Music Endowment Fund	27,876	2,134	30,010
Sharpe, Peggy Piano Scholarship Fund	4,595	284	4,879
Simmons, R. Murray Memorial Fund	6,262	3,794	10,056
Smart, John Gregson Memorial Fund	12,500	3,339	15,839
Smart, Mary Development Fund	39,545	3,711	43,256
Smart, Mary Memorial Scholarship Fund	75,000	14,485	89,485
Sorensen, Tina Memorial Fund		5,510	5,510
Stewart, Dr. D. B. Scholarship Fund	1,250	210	1,460
Stott-McMillan, M. Scholarship Fund	4,000	2,122	6,122
Students Benevolent Fund		2,634	2,634
SUSA Trust Fund		30,489	30,489
Taylor, B.H. Memorial Bursary Fund	3,150	620	3,770
Taylor, Laura Grace Scholarship Fund	25,054	1,174	26,228
Tolton, J.H. Memorial Scholarship Fund	5,000	549	5,549
Vasey, Jane Memorial Fund	16,051	2,564	18,615
Vining, Abbie and Arthur Memorial Fund	20,000	41,159	61,159
Whiteside, E. A. Fund	2,300	10,608	12,908
Whyte, Alex Memorial Fund	7,477	5,232	12,709
Wightman, W.E. Memorail Scholarship Fund	2,000	15	2,015
Wong, W. G. Scholarship Fund	2,173	541	2,714
Carried Forward	$ 1,590,508	$ 747,004	$ 2,337,512

	Capital	Current	Total
Brought Forward	$ 1,590,508	$ 747,004	$ 2,337,512
Wright, Don Scholarships in Music	28,000	4,922	32,922
Wright, W.L. and A.E. Memorial Fund	2,010	1,726	3,736
Zonta Club Scholarship	5,000	927	5,927
Zoology Department Endowment Fund	1,200	128	1,328
	$ 1,626,718	$ 754,707	$ 2,381,425
UNRESTRICTED FUNDS:			
Alumni Endowment Fund	13,888	693	14,581
Alumni General Fund		17,049	17,049
Bass, W.K. Estate Bequest	5,000	897	5,897
Brandon University Association Fund	5,934	1,065	6,999
Brandon University Development Fund	5,312	928	6,240
Building from Strength Campaign		385,072	385,072
Clark, Carrie B. Estate	4,022	3,257	7,279
Class of 1930 Gift	2,495	448	2,943
Class of 1931 Gift	1,475	265	1,740
Class of 1934 Gift	600	108	708
Diefenbaker, John G. Estate	1,100	710	1,810
Dulmage, Dr. A. L. Fund	4,290	2,552	6,842
Fenwick, Thomas F. Estate	7,141	1,281	8,422
Fraser, Blair Memorial Fund	500	426	926
Gainer, Pearl Edith Estate	14,990	2,690	17,680
MacDowell, G.F. Gift	111,478	13,932	125,410
Research Endowment Fund	2,330	117	2,447
Sanders, C. J. Estate	596,457	4,613	601,070
Whitfield-Clark, Dr. C. Memorial Fund	11,510	8,081	19,591
Woodhull, Lillian K. Estate	500	90	590
	789,022	444,274	1,233,296
Balance at end of year, Statement G	$ 2,415,740	$1,198,981	$ 3,614,721

Manitoba

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Balance Sheet, and the Statement of Income and Retained Earnings, for Brandon University Holding Company Limited for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Brandon University Holding Company Limited as at March 31, 1989, and the results of its operations for the year then ended in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 29, 1989
Winnipeg, Manitoba

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Balance Sheet
As at 31 March 1989

	1989	1988
ASSETS		
Current		
Investment in WESTARC Group Inc., note 2(b)	$ 158,154	$ 155,592
	$ 158,154	$ 155,592
LIABILITIES & SHAREHOLDER'S EQUITY		
Current		
Due to WESTARC Group Inc.	$ 1	$ 1
Due to Brandon University	545	155
	546	156
Share Capital, note 3	1	1
Retained Earnings	157,607	155,435
	157,608	155,436
	$ 158,154	$ 155,592

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Statement of Income and Retained Earnings
For the Year Ended 31 March 1989

	1989	1988
REVENUES		
Investments	$ 7,562	$ 40,890
EXPENSES		
Legal and audit fees	890	156
NET INCOME FOR THE YEAR	6,672	40,734
Plus Retained Earnings, Beginning of Year	155,435	124,701
AVAILABLE FOR DISTRIBUTION	162,107	165,435
Less Dividends Paid	4,500	10,000
RETAINED EARNINGS, End of Year	$ 157,607	$ 155,435

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Notes to Financial Statements
For the Year Ended 31 March 1989

1. STATUS AND NATURE OF THE CORPORATION AND SUBSIDIARY

Brandon University Holding Company Limited was incorporated as a wholly-owned subsidiary of Brandon University in 1985. The Holding Company was established for the purpose of holding shares in subsidiary companies. The subsidiary company, WESTARC Group Inc., was set up to achieve a dissemination of expertise from the University to the public and private sectors.

WESTARC Group Inc., a wholly-owned subsidiary of Brandon University Holding Company Limited, was incorporated in 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Company:

(a) The financial statements have been prepared in accordance with generaly accepted accounting principles.

(b) Investments in subsidiary operations are accounted for by the equity method. That is, the net income of the subsidiary operations attributable to the Brandon University Holding Company Limited is reflected in the Holding Company's statements.

3. SHARE CAPITAL

Authorized
Unlimited Number of One Class Common Shares

Issued		
One Common Share	$1	$1

4. WHOLLY-OWNED SUBSIDIARIES

Brandon University Holding Company wholly-owns WESTARC Group Inc. Following is a brief summary of the transactions of WESTARC Group Inc.:

	1989	1988
Revenue	$ 409,895	$ 516,287
Expenses	402,333	475,397
Net Income	$ 7,562	$ 40,890

5. GENERAL COMMENTS

Brandon University provides the Company with various administrative services at no cost.

Manitoba

BRANDON UNIVERSITY RETIREMENT PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits 1, 2 and 3, of the Brandon University Retirement Plan for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Plan as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 28, 1989,
Winnipeg, Manitoba.

Exhibit 1

BRANDON UNIVERSITY RETIREMENT PLAN

Balance Sheet
as at December 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Accounts Receivable	$ 137,816	$ 128,546
Held by The Great-West Life Assurance Company		
Deposit Fund	86,684	152,912
Mortgage Fund	2,575,320	2,640,379
Canadian Equity Fund	911,814	812,719
Bond Fund	7,260,565	4,799,794
Canadian Equity Index Fund	4,383,975	5,470,602
Real Estate Fund	1,926,258	1,725,810
Money Market Fund	2,657,893	1,619,864
U.S. Equity Fund	1,594,153	1,504,432
Transaction Account	(10,510)	(83,746)
	21,386,152	18,642,766
TOTAL ASSETS	$ 21,523,968	$ 18,771,312

LIABILITIES

	1988	1987
Accounts Payable	$ 11,033	$ 16,973
Reserve for Present and Future Pension Benefits, Exhibit 2	21,512,935	18,754,339
TOTAL LIABILITIES	$ 21,523,968	$ 18,771,312

The accompanying notes are an integral part of the financial statements.

Exhibit 2

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in the Reserve for Present and Future Pension Benefits
for the year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Additions:		
Contributions:		
Members, regular	$ 717,926	$ 682,662
Members, voluntary	2,305	7,161
University, regular	594,010	571,081
	1,314,241	1,260,904
Experience refund, prior plan	26,395	29,374
Investment income, Exhibit 3	1,946,961	1,006,201
Total Additions	3,287,597	2,296,479
Deductions:		
Benefits:		
Retirements	193,062	116,335
Refunds	198,243	193,951
Deaths	28,396	1,357
	419,701	311,643
Administration Expenses:		
Actuarial and consulting fees	3,760	11,189
Agency fees	96,559	85,150
Audit fees	4,660	4,650
Investment performance measurement fees	3,200	3,100
Trustee expenses	1,121	951
	109,300	105,040
Total Deductions	529,001	416,683
Net increase for the year	2,758,596	1,879,796
Balance at beginning of the year	18,754,339	16,874,543
Balance at end of the year, Exhibit 1	$ 21,512,935	$ 18,754,339

The accompanying notes are an integral part of the financial statements.

Exhibit 3

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Investment Income
for the year ended December 31, 1988
(with 1987 figures for comparison)

	Interest and Dividends	Adjustments to Market Values	Total 1988	Total 1987
Investment Income, (Note 1(b))				
Deposit Fund	$ 8,009	$	$ 8,009	$ 13,949
Mortgage Fund	261,474	(1,532)	259,942	224,565
Canadian Equity Fund		64,095	64,095	(187,281)
Bond Fund	613,389	(7,618)	605,771	154,688
Canadian Equity Index Fund		543,373	543,373	549,694
Real Estate Fund		200,448	200,448	207,343
Money Market Fund	213,029		213,029	149,114
U.S. Equity Fund		49,720	49,720	(108,889)
Transaction Account	2,574		2,574	3,018
Investment Income, Exhibit 2	$1,098,475	$ 848,486	$ 1,946,961	$ 1,006,201

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
December 31, 1988

1. ACCOUNTING POLICIES:

(a) The Brandon University Retirement Plan follows the accrual basis of accounting.

(b) Investments are stated at market value as at each fiscal year end. The market value of the investments is supplied by The Great-West Life Assurance Company. The increase or decrease in value of the investments is reflected in the income for the fiscal year.

2. GENERAL COMMENTS:

(a) The Brandon University Retirement Plan is a Trusteed Plan established April 1, 1974. The assets of the Plan are held in the name of the Trustees of Brandon University. There are nine trustees and an Investment Committee of three members. The Great-West Life Assurance Company administers the Plan under the terms of an agreement entered into with the Trustees dated January 1, 1979.

(b) The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis. An actuarial valuation to determine the Plan's position, as required by The Pension Benefits Act of Manitoba, was completed as at January 1, 1987. This valuation established a Plan surplus of $2.027 million as at that date. The next actuarial valuation is required as at January 1, 1990.

(c) Brandon University provides the services of support staff and other miscellaneous administrative services at no charge to the Plan. These services are not reflected in the Financial Statements.

3. RESTATEMENT OF ACCOUNTS:

Comparative figures for the year ended December 31, 1987 have been restated where necessary to conform with the presentation adopted for the year ended December 31, 1988.

Manitoba

CHANNEL AREA LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Channel Area Loggers Ltd. as at March 31, 1989 and the statement of revenues and expenditures, the statement of changes in financial position and the schedules of operating expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 9, 1989,
Winnipeg, Manitoba.

CHANNEL AREA LOGGERS LTD.

EXHIBIT A

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS	1989	1988
CURRENT ASSETS:		
Accounts receivable (Note 3)	$ 63,218	$ 184,212
Subsidy receivable from the Government of the Province of Manitoba	385,053	216,072
Inventories (Note 4)	66,110	71,676
Prepaid expenses	-	515
Total current assets	514,381	472,475
FIXED ASSETS (Note 5)	545,448	508,165
Less accumulated depreciation	345,491	294,357
Net fixed assets	199,957	213,808
GUARANTEE DEPOSIT WITH THE GOVERNMENT OF THE PROVINCE OF MANITOBA	-	900
TOTAL	$ 714,338	$ 687,183

LIABILITIES AND SHAREHOLDERS' EQUITY	1989	1988
CURRENT LIABILITIES:		
Excess of outstanding cheques over bank balances	$ 15,551	$ 118,463
Bank demand loan (Note 6)	361,000	195,000
Accounts payable (Note 7)	37,697	73,630
Total current liabilities	414,248	387,093
SHAREHOLDERS' EQUITY		
Capital stock (Note 8):		
Authorized: 35,000 common shares, maximum consideration not to exceed $350,000		
Issued: 30,009 shares	300,090	300,090
TOTAL	$ 714,338	$ 687,183

EXHIBIT B

CHANNEL AREA LOGGERS LTD.

Statement of Revenues and Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
REVENUES:		
Pulpwood sales	$ 805,415	$ 1,045,697
Commissary sales	150,430	163,444
Miscellaneous	69,717	20,705
Board charges	28,066	22,205
Total revenues	1,053,628	1,252,051
EXPENDITURES:		
Direct logging costs (Schedule 1)	881,459	1,104,412
General and administrative (Schedule 2)	234,146	246,315
Commissary	120,205	131,683
Total expenditures	1,235,810	1,482,410
	(182,182)	(230,359)
OTHER INCOME		
Gain on disposal of fixed assets	4,670	12,527
Deficiency of revenues over expenditures before operating assistance from the Government of the Province of Manitoba	(177,512)	(217,832)
Operating assistance from the Government of the Province of Manitoba - General subsidy	177,512	207,541
- Specific subsidy	-	10,291
	177,512	217,832
EXCESS OF REVENUES OVER EXPENDITURES	$ -	$ -

EXHIBIT C

CHANNEL AREA LOGGERS LTD.

Statement of Changes in Financial Position for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
CASH PRODVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Items not involving cash:		
Depreciation	$ 59,043	$ 63,361
Gain on disposal of fixed assets	(4,670)	(12,527)
	54,373	50,834
Net change in non-cash working capital balances related to operations	(77,839)	(211,867)
	(23,466)	(161,033)
INVESTING ACTIVITIES:		
Additions to fixed assets	(54,857)	(97,923)
Net proceeds from disposal of fixed assets	14,335	34,681
Decrease in guarantee deposit	900	-
	(39,622)	(63,242)
DECREASE IN CASH	(63,088)	(224,275)
CASH DEFICIENCY AT BEGINNING OF PERIOD	(313,463)	(89,188)
CASH DEFICIENCY AT END OF PERIOD	$ (376,551)	$ (313,463)
Represented by:		
Bank loan	$ (361,000)	$ (195,000)
Outstanding cheques	(15,551)	(118,463)
	$ (376,551)	$ (313,463)

SCHEDULE 1

CHANNEL AREA LOGGERS LTD.

Schedule of Direct Logging Costs for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
INVENTORY AT BEGINNING OF THE YEAR	$ -	$ -
PRODUCTION EXPENSES:		
Contract wood purchases	326,287	384,695
Contract hauling to landing	142,006	223,388
Road construction and maintenance, net	130,753	140,693
Cutters wages and fringe benefits	116,420	186,693
Kitchen and dormitory	46,639	40,603
Repairs and maintenance	39,505	33,926
Depreciation	25,855	28,145
Timber dues	24,052	33,688
Personnel transport	10,007	10,496
Supervision	8,668	4,834
Freight and fuel movement	7,121	9,448
Forwarding to roadside	3,438	5,597
Sundry	708	2,206
Total production expenses	881,459	1,104,412
INVENTORY AT END OF YEAR	-	-
DIRECT LOGGING COSTS, EXHIBIT B	$ 881,459	$ 1,104,412

CHANNEL AREA LOGGERS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Salaries, wages and fringe benefits	$ 83,319	$ 79,048
Interest and service charges	40,776	19,272
Depreciation	33,188	35,216
Insurance	21,670	33,202
Legal, audit and accounting	15,139	18,997
Miscellaneous	8,887	675
Travel and accommodation	8,469	2,560
Mobile home	6,410	7,318
Taxes, licences and fees	5,180	12,288
Consulting fees	4,760	18,212
Office supplies and utilities	4,541	2,876
Communications	4,325	4,761
Directors' fees	3,618	3,842
Bad debts	(6,136)	8,048
GENERAL AND ADMINISTRATIVE EXPENSES, EXHIBIT B	$ 234,146	$ 246,315

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1989

1. Nature of Operations

Channel Area Loggers Ltd. was established in 1973 under the Manitoba Natural Resources Development Act for the purpose of establishing an economically viable logging operation creating employment and training opportunities for residents of Berens River and surrounding communities.

2. Significant Accounting Policies

General:

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Inventories:

Pulpwood inventory is valued at the lower of cost or net realizable value based upon the agreed price of deliveries to the purchaser, less an allowance for cullage and shrinkage.

Other inventories are valued at cost.

Fixed assets:

Fixed assets are stated at cost. It is the company's policy to provide for depreciation of fixed assets on the basis shown in Note 5.

Revenue recognition:

Pulpwood sales are recognized on the basis of pulpwood delivered to landing and scaled in accordance with the terms of the sales contract.

Administrative expenses:

Certain administrative expenses, as detailed in Note 9, are provided at no charge by the Government of the Province of Manitoba. These amounts are not reflected in the financial statements.

3. Accounts Receivable

The major categories of accounts receivable are:

	1989	1988
General	$ 53,727	$ 153,681
Government of the Province of Manitoba	10,414	10,291
Contract cutters	(923)	20,240
	$ 63,218	$ 184,212

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1989

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4. Inventories

The major categories of inventory are:

	1989	1988
Commissary supplies	$ 2,900	$ 1,489
Parts and supplies	12,262	19,121
Gasoline, diesel fuel and oil	47,128	48,850
Kitchen supplies	3,820	2,216
	$ 66,110	$ 71,676

5. Fixed Assets

The major categories of fixed assets and related accumulated depreciation at March 31, 1989 are:

	Cost	Accumulated Depreciation	Rates
Buildings and Trailers	$ 319,608		
Less: Funded by the Government of Canada	67,298		
	252,310	$ 183,925	10%
Machinery and Equipment	453,228		
Less: Funded by the Government of the Province of Manitoba and the Government of Canada	160,090		
	293,138	161,566	10-25%
Road	273,164		
Less: Funded by the Government of Canada	273,164		
	-	-	
	$ 545,448	$ 345,491	

It is the company's practice to provide for depreciation of buildings, trailers, machinery and equipment under the straight-line basis at the rates shown above.

6. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

7. Accounts Payable

The major categories of accounts payable are:

	1989	1988
Trade	$ 4,131	$ 19,876
Wage deductions	2,694	17,667
Employees	3,500	-
Government of the Province of Manitoba	27,372	36,087
	$ 37,697	$ 73,630

8. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

9. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $46,000 (1988 - $46,000). The Government of the Province of Manitoba also provides Workers Compensation coverage for Company staff at no charge to the Company.

10. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

11. Imputed Interest Cost Information

The following information is supplied in accordance with the request of the Minister of Finance.

The annual borrowing cost to the Government for the average investment of $300,090 in share capital at the weighted average rate of 10.52% paid by the Government in respect of its 1988 debt is $31,600.

THE CIVIL SERVICE SUPERANNUATION FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA
Provincial Auditor

February 24, 1989
Winnipeg, Manitoba

Exhibit A

THE CIVIL SERVICE SUPERANNUATION FUND
Balance Sheet
as at December 31, 1988

	1988	1987
	(Thousands of Dollars)	
ASSETS		
Cash	$ 126	$ 1,523
Employees' and employers' contributions and payments receivable	639	604
Investments, Schedule 1, Note 2(b)	828,124	737,580
Accrued investment income	12,115	11,033
Debt due from the Province of Manitoba, Note 2(c)	1,826	1,826
Furniture, fixtures and equipment, Note 2(d)	1	1
Computer equipment, Note 2(e) at cost less accumulated amortization: 1988 - $126 1987 - $ 89	149	142
Computer programs development expenses, Note 2(e) at cost less accumulated amortization: 1988 - $147 1987 - $144	9	10
	$842,989	$752,719
LIABILITIES		
Accounts payable	$ 122	$ 65
Contributions received in advance	–	1,213
Money purchase accounts plan, Exhibit E, Note 5	651	356
Accumulated unrealized foreign exchange, Note 6	(1,386)	(168)
Provision for investment losses, Exhibit C, Note 2(b)(v)	1,241	1,435
Superannuation indexing adjustment account, Exhibit D, Note 2(f)	47,499	43,187
Reserve for present and future benefits, Exhibit B	794,862	706,631
	$842,989	$752,719

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Reserve for Present and Future Benefits for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 82,966	$ 74,154
Investment income, net, Schedule 3	78,896	71,600
Interest on debt due from the Province of Manitoba, Note 2(c)	73	73
Bank and other interest	103	111
Total additions	162,038	145,938
Deductions:		
Superannuation and supplementary allowances	62,322	54,637
Refunds of contributions and interest	5,683	5,105
Payments of employee contributions to other pension plans	344	302
Administrative expenses, net, Schedule 4	1,145	980
	69,494	61,024
Transfer:		
Net transfer to superannuation indexing adjustment account, Exhibit D	4,313	4,172
Total deductions	73,807	65,196
Net increase for the year	88,231	80,742
Balance at beginning of year	706,631	625,889
Balance at end of year, Exhibit A	$ 794,862	$706,631

Exhibit C

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Provision for Investment Losses
for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Addition:		
Transfer from investment income, Schedule 3	$ 828	$ 737
Total addition	828	737
Deduction:		
Net write-down of permanently impaired investments, Note 4	1,022	-
Total deduction	1,022	-
Net (decrease) increase for the year	(194)	737
Balance at beginning of year	1,435	698
Balance at end of year, Exhibit A	$ 1,241	$ 1,435

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Superannuation Indexing Adjustment Account for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Additions:		
Allocation of 10.2% of employees' and employer's contributions	$ 5,139	$ 4,664
Interest	5,202	4,762
Total additions	10,341	9,426
Deductions:		
Charge for one-half of all superannuation adjustments	6,028	5,254
Total deductions	6,028	5,254
Net transfer from reserve for present and future benefits, Exhibit B	4,313	4,172
Balance at beginning of year	43,186	39,014
Balance at end of year, Exhibit A	$ 47,499	$ 43,186

Exhibit E

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Money Purchase Accounts Plan
for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Additions:		
Deposits	$ 324	$ 216
Interest income	41	18
	365	234
Deductions:		
Refund of deposits	67	14
Transfer to Civil Service Superannuation Fund re annuity, Schedule 2	-	12
Administration fees charged by Civil Service Superannuation Fund	3	3
	70	29
Increase for the year	295	205
Balance at beginning of year	356	151
Balance at end of year, Exhibit A, Note 5	$ 651	$ 356

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 1988

	1988		1987
	Par Value	Book Value	Book Value
	(Thousands of Dollars)		
Fixed income investments, Note 2 (b)(i)			
Term deposits	$114,212	$114,212	$ 90,549
Bonds and debentures			
Government of Canada	36,675	37,701	42,799
Province of Manitoba	25,083	24,974	26,947
Province of New Brunswick	6,500	7,473	-
Province of Newfoundland	2,000	2,000	-
Province of Nova Scotia	2,975	2,975	1,600
Province of Ontario	45,475	44,269	24,627
Province of Saskatchewan	4,000	4,000	4,000
Government of Northwest Territories	3,000	3,000	-
Hospitals	3,695	3,695	3,934
Municipal Corporations	7,880	7,905	7,957
Corporations	218,610	217,638	243,718
	355,893	355,630	355,602
Fixed Income Component Balanced Funds (includes short term)		45,551	-
Pooled bond funds		-	4,330
		401,181	359,932
Mortgages			
Insured, National Housing Act (Canada)	68,326	64,031	77,085
Index-Linked	9,895	9,895	-
Uninsured	59,969	59,879	51,653
	138,190	133,805	128,738
Pooled mortgage funds		18,978	7,242
		152,783	135,980
Unamortized losses (gains) on disposition		768	(138)
Total fixed income investments at amortized cost		668,944	586,323
Equity investments, Note 2(b)(iii)			
Common stock		2,203	2,396
Equity Component Balanced Funds		81,544	73,378
Pooled Common Stock		30	30
Petroleum and natural gas investments		19,227	11,741
Investment in subsidiary, Notes 2(b)(ii) and 4		1	5,985
Venture capital, limited partnerships		3,924	4,006
Real estate, Note 2(b)(iv)			
Participating bonds		24,696	26,852
Qualifying shares		2,064	2,064
Units of pooled real estate		12,496	10,986
Accumulated unrealized appraisal adjustments		17,471	14,486
Unamortized losses (gains) on disposition		(4,476)	(667)
Total equity investments		159,180	151,257
Total investments, Exhibit A		$828,124	$737,580

Schedule 2

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Payments and Contributions for the year ended December 31, 1988

	1988			1987
	Employer	Employee	Total	Total
	(Thousands of Dollars)			
Province of Manitoba Civil Service	$14,755	$27,838	$42,593	$38,140
Manitoba Telephone System	7,284	8,264	15,548	13,860
Manitoba Hydro-Electric Board	6,397	7,353	13,750	11,666
Liquor Control Commission	1,134	649	1,783	1,679
Manitoba Health Services Commission	515	1,155	1,670	1,489
Manitoba Public Insurance Corporation	183	1,806	1,989	1,867
Manitoba Agricultural Credit Corporation	69	113	182	176
Manitoba Crop Insurance Corporation	78	186	264	279
Manitoba Development Corporation	20	19	39	37
Communities Economic Development Fund	4	37	41	36
Teachers' Retirement Allowances Fund Board	-	41	41	37
Civil Service Superannuation Board	-	50	50	40
Workers Compensation Board	35	-	35	34
Manitoba Hog Producers' Marketing Board	25 *	26	51	64
Local Government Districts	3 *	3	6	6
Manitoba Government Employees' Association	80 *	79	159	132
Universities Grants Commission	6	12	18	19
Manitoba Centennial Centre Corporation	61	90	151	129
Manitoba Milk Producers' Marketing Board	38 *	39	77	66
Housing Authorities	272 *	272	544	509
Manitoba Water Services Board	17 *	17	34	36
Manitoba Turkey Producers' Marketing Board	8 *	9	17	18
Alcoholism Foundation of Manitoba	68	294	362	343
Manitoba Horse Racing Commission	-	16	16	14
Manitoba Data Services	12	475	487	419
Long Term Disability	1	7	8	-
Manitoba Research Council	171 *	172	343	333
Manitoba Beef Commission	25 *	26	51	51
Manitoba Lotteries Foundation	2	194	196	155
The Legal Aid Services Society of Manitoba	-	161	161	153
Manitoba Energy Authority	-	35	35	15
Public Schools Finance Board	-	-	-	1
Human Resources Opportunity Centres	108 *	109	217	184
Public Investments Corporation of Man.	-	26	26	3
Employees on workers compensation	-	2	2	2
Employees on loan	30	30	60	40
Repayment of contributions previously refunded	-	92	92	75
Payments based on prior non-pensionable employment	20	849	869	1,608
Payments based on war service	-	5	5	18
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	-	994	994	409
Transfer from Money Purchase Plan, Exhibit E	-	-	-	12
Total payments and contributions, Exhibit B	$ 31,421	$51,545	$82,966	$74,154

*Employers' contributions based on employees' remuneration

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Investment Income
for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Fixed income:		
Interest	$ 64,760	$ 59,278
Foreign exchange, Note 6	(347)	(42)
Amortization of discounts(premiums) net, Note 2(b)(i)	278	342
Amortization of realized gains, Note 2(b)(i)	544	564
Transfer to provision for investment losses, Exhibit C, Note 2(b)(v)	(828)	(737)
	64,407	59,405
Equity income:		
Net income of the subsidiary, Note 4	(175)	576
Real estate dividends and interest, Note 2(b)(iv)	3,432	3,512
Other dividends and interest	7,774	4,833
Unrealized appraisal adjustments, Note 2(b)(iii)	2,985	3,344
Amortization of realized gains, Note 2(b)(iii)	1,177	204
	15,193	12,469
Gross investment income	79,600	71,874
Less, investment related expenses, Note 7	(704)	(274)
Total net investment income, Exhibit B	$ 78,896	$ 71,600

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Salaries and fringe benefits:		
Salaries - permanent staff	$ 890	$ 756
Salaries - part-time staff	14	4
Fringe benefits	59	46
Pensions paid - employer cost	19	18
Health and post-secondary education tax levy	24	18
	1,006	842
Professional fees:		
Actuary - pension	42	84
Audit	37	36
Legal	6	–
	85	120
Computer related costs:		
Amortization of equipment	47	39
Amortization of program development expense	3	3
Maintenance and supplies	16	14
	66	56
Printing and stationery:		
Microfilming	3	4
Photocopy service	7	6
Printing	29	25
Stationery and supplies	26	25
	65	60
Other:		
Bank Charges	18	22
Education	7	7
Furniture and fixtures	19	36
Machine rentals and servicing	6	6
Medical examinations	11	10
Miscellaneous	27	17
Relocation Costs	43	-
Seminars and travelling	15	12
Telephone, postage and delivery	59	33
	205	143
Subtotal, carried forward	$ 1,427	$ 1,221

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1988

	1988	1987
	(Thousands of Dollars)	
Subtotal, brought forward	$ 1,427	$ 1,221
Less:		
Operating recoveries for the administration of:		
Public Service Group Insurance Fund	(88)	(79)
Municipal Employees Benefits Board	(53)	(53)
Money Purchase Accounts Plan, Note 5	(4)	(3)
Manitoba Hydro Retirement Plan	(4)	-
Long Term Disability	(20)	-
Investment administrative expenses, Note 7	(113)	(106)
Total administrative expenses, net, Exhibit B	$ 1,145	$ 980

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1988

1. Nature of the Organization:

The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. The employee contributions to the Fund and the employer contributions, where matching contributions are required, are administered by the Civil Service Superannuation Board. In addition, the Fund collects from the non-matching employers 50% of the monthly pension, including indexing adjustments, paid in respect of retired employees or surviving beneficiaries, and 50% of any vested amounts transferred out of the Fund on behalf of employees.

The Civil Service Superannuation Board was established under The Civil Service Superannuation Act in May, 1939 and is responsible for administering the Act.

2. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of investment acquisition. All other remiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Zero coupon bonds are valued at the date of purchase and at the end of the year based on the purchase yield and the remaining term to maturity. The difference in the value of the bond from the date of purchase or the previous year end to the current year end will be charged or credited to income in the current year.

The majority of the Fund's fixed income investment portfolio is held for the long term and a part of the portfolio is traded actively. For long term holdings, the gains or losses on disposition, before maturity, are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments. For those which are traded actively, the accounting is segregated and one-fifth of the realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of investment assets and amortized to income in equal amounts over the next four years.

2. (b) (continued)

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method. For the purpose of preparing the financial statements of the Fund, the Fund management estimates the income from the subsidiary for the year. Any adjustment required to reflect actual income will be recorded in the subsequent year.

(iii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the adjusted book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

2. (b) (continued)

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

Assets recorded in foreign currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

The translation adjustments required for these transactions, together with foreign exchange on the purchase and sale of foreign currency are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Furniture, fixtures and equipment:

Furniture, fixtures and equipment are recorded at a nominal fee of $1.00. These purchases are charged to operations in the year of acquisition.

(e) Computer:

The computer equipment costs and program development expenses are capitalized and amortized on a straight line basis over six years.

(f) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' and employers' annual contributions are allocated to a superannuation indexing adjustment account. Interest is allocated to the account on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures. The account is intended to fund 50% of the cost-of-living adjustment payments made to pensioners and beneficiaries and the non-matching employers are billed for 50% of the payments to their retired employees or their survivors.

2. (f)(continued)

Effective July 1 of each year, cost-of-living superannuation adjustment payments are calculated in accordance with the formula set out in the Civil Service Superannuation Act, section 33(7). The formula is based on the Consumer Price Index increase in the previous calendar year and the increase in the calculated benefit index. Section 33(8) requires the calculated adjustment to be reduced if, in the opinion of the actuary, the adjustment would result in an unfunded liability in the superannuation indexing adjustment account as at December 31 of the preceding year. In 1988 the actuary recommended that only two thirds of the calculated adjustment be paid.

The annual actuarial valuation of the superannuation indexing adjustment account as at December 31, 1987 revealed that $5,043,430 was available to actuarially finance additional cost-of-living increases for pensioners. Effective July 1, 1988, the Board approved and paid the actuarially calculated superannuation adjustment for 1988 in accordance with the formula set out in the Act, equal to:

a) 1.39% (1987 - 2.09%) of the total lifetime pension plus any previously granted adjustments in that allowance, and

b) 41¢ (1987 - 59¢) per month for each year of service, to a maximum of 35 years,

for those employees who retired before January 1, 1987. Employees who retired after that date, but before July 1, 1987, were paid a pro-rata portion of the adjustment. Beneficiaries of deceased pensioners receive two-thirds of the adjustment that the pensioner would have been eligible for. The present value of the July 1, 1988 adjustment has been actuarially calculated to be equal to $5,043,430 as at December 31, 1987, leaving no surplus or deficit balance outstanding at year end.

(g) Actuarial valuations:

(i) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1986, disclosed a surplus of $31,788,810.

(ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees as at December 31, 1988 is estimated to be $875,904 (1987 - $753,455).

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31,1988

3. Amendment to the Civil Service Superannuation Act in 1986:

The Fund was authorized to credit the Government of Manitoba and its agencies $83,853 per month from September 1, 1986 to August 31, 1989, amounting to $3,018,708 for the three year period, to reduce the employers' costs of the pension formula improvement made in 1986. The balance outstanding as at December 31, 1988 is $670,824 (1987 - $1,677,060).

4. Investment in subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc. (S.R.I.C.), a wholly-owned subsidiary of the Fund, was incorporated as a pension fund resource corporation under The Corporation Act of Manitoba on May 30, 1983 for the purpose of participating in oil and gas resource development projects on behalf of the Fund.

The subsidary ceased its joint venture oil and gas resource project investment activity on April 13, 1988 and transferred its assets, including all investments, to the Fund in the exchange for a prommissory note of $3,793,825. The investment in S.R.I.C has been reduced by setting off $3,793,825 shareholder's advance against the prommissory note, a repayment $1,169,198 in cash and a write down of $1,021,991 reflecting the decline in recorded value of joint venture oil and gas investments.

The Fund's investment in S.R.I.C. at December 31, 1988 is comprised of:

	1988	1987
Shareholder's advances	$ -	$5,408,469
Capital stock	1	1
Retained earnings		
estimated	-	467,153
prior year's adjustment	-	109,392
	-	576,545
Investment in subsidiary	$ 1	$5,985,015

5. Money Purchase Accounts Plan:

Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of a participant's account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

6. Accumulated unrealized foreign exchange:

An analysis of (gains) or losses in the accumulated unrealized foreign exchange account is shown below:

	1988	1987
Balance, beginning of year	$ (168,072)	$ 192,564
Foreign exchange on purchase and sale of foreign currency	-	(1,057)
Translation of transactions	(173,625)	(287,156)
Net translation - investment assets	(1,391,797)	(114,441)
	(1,733,494)	(210,090)
Transfer to income	346,699	42,018
Balance, end of year	$(1,386,795)	$ (168,072)

7. Investment Related Expenses:

Investment related expenses are summarized below:

	1988	1987
Direct	$591,237	$168,917
Administrative	113,356	105,753
	$704,593	$274,670

The Board approved the allocation of identifiable costs as Direct expenses. Where direct allocation is not practical, expenses are allocated on a prorated basis as administrative expenses.

8. Comparative figures:

Comparative figures for the year ended December 31, 1987 have been restated to conform with this year's presentation.

Manitoba

COMMUNITIES ECONOMIC DEVELOPMENT FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of the Communities Economic Development Fund at March 31, 1989 and the statements of operations and changes in cash position and the schedule of administrative expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Communities Economic Development Fund as at March 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied, except for the changes in the methods of accounting for pension expense and obligations and for the allowance for doubtful accounts as described in note 3, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

June 8, 1989,
Winnipeg, Manitoba.

Statement 1

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS

	1989	1988
Cash and trust deposits	$ 1,625,550	$ 665,806
Due from Province of Manitoba (note 7)	868,822	515,439
Accounts receivable	4,028	12,991
Loans and interest receivable, less allowance for doubtful accounts $1,642,700 (1988 - $1,138,600) (notes 2 a and 3 a)	5,113,833	5,806,146
Mortgage receivable	114,223	115,290
Office furniture and equipment at cost, less accumulated depreciation $53,916 (1988 - $43,284) (note 2 d)	60,754	69,952
	$ 7,787,210	$ 7,185,624

LIABILITIES

	1989	1988
Accounts payable and accrued liabilities	$ 32,011	$ 43,019
Due to Manitoba Development Corporation (notes 1 and 2 b)	84,976	125,382
Accrued pension liability (note 2 c and 3 b)	153,000	-
Advances by the Province of Manitoba (note 4)	7,517,223	7,017,223
	$7,787,210	$7,185,624

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Operations
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Loan interest	$ 629,601	$ 595,309
Miscellaneous	47,664	54,546
	677,265	649,855
Expenditure:		
Administrative, Schedule 1	1,355,597	1,016,590
Provision for doubtful accounts on loans receivable (notes 2 a and 3 a)	690,491	655,830
	2,046,088	1,672,420
Excess of expenditure over revenue	1,368,823	1,022,565
Less subsidy from the Province of Manitoba (note 1)	1,368,823	1,022,565
	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Statement 3

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Changes in Cash Position
for the year ended March 31, 1989

Cash provided by (used for)

Operating activities	1989	1988
Excess of expenditure over revenue - Statement 2	($1,368,823)	($1,022,565)
Items not affecting cash flow:		
Depreciation	10,632	10,135
Provision for doubtful accounts on loans receivable	690,491	655,830
Net cash used in operations	(667,700)	(356,600)
Net change in non-cash balances related to operations	(388,605)	(399,604)
Lending activities:		
Loans issued	(984,864)	(2,605,752)
Loan principal payments	1,133,524	1,628,306
Purchase of office equipment	(1,434)	(16,839)
	(909,079)	(1,750,489)
Financing activities		
Subsidy - Province of Manitoba (note 1)	1,368,823	1,022,565
Advances by the Province of Manitoba (note 4)	500,000	895,000
	1,868,823	1,917,565
Increase in cash and trust deposits	959,744	167,076
Cash and trust deposits at beginning of year, Statement 1	665,806	498,730
Cash and trust deposits at end of year, Statement 1	$1,625,550	$ 665,806

The accompanying notes are an integral part of these financial statements.

Schedule 1

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Schedule of Administrative Expenses (note 2 b)
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Communications	$ 24,132	$ 28,455
Consultants' fees and expenses	49,132	12,601
Credit reports	22,184	25,299
Depreciation	10,632	10,135
Directors' fees and expenses	52,561	58,321
Investigation expenses	35,443	-
Legal and audit	86,148	18,172
Office supplies and expenses	29,687	46,744
Rent and utilities	118,105	114,210
Salaries and employee benefits	869,177	618,998
Sundry	16,030	10,505
Travel	42,366	73,150
Administrative expenses, Statement 2	1,355,597	$1,016,590

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements for the year ended March 31, 1989

1. Nature of the Fund

The Communities Economic Development Fund (The Fund) was established as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. The Fund places emphasis upon the economic development of northern Manitoba. However, applicants from other communities within the Province, with exception of the larger centres, are also considered. To carry out this objective it is not practical to pass on all of the Fund's costs to the users of its services. As a result, the Fund depends on a subsidy from the Province of Manitoba.

2. Significant Accounting Policies

(a) Allowance for doubtful accounts

The allowance for doubtful accounts on loans and interest receivable is based on a specific percentage provision for all accounts in arrears for more than ninety days and an additional provision where problem accounts have been identified. The additional provision is based on the amount of the loan outstanding less the estimated worth of the security held.

(b) Administrative expenses (Schedule 1)

The Fund is jointly administered with the Manitoba Development Corporation (MDC). At the year end, common administrative expenses are reviewed and allocated between MDC and the Fund on a proportionate basis as determined by officials of MDC and the Fund. Any significant difference between the administrative expenses paid by the Fund and the prorated administrative expenses is either recovered from or reimbursed to MDC.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1989

2. Significant Accounting Policies (continued)

(c) Pension expense and obligations

The employees of the Fund are not members of the Civil Service of the Province but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Communities Economic Development Fund will contribute 50% of the pension payments made to retired employees. The current pension expense is determined on the basis of an actuarial valuation. In addition, the past service obligations are being charged to operations over a ten year period. Payments to pensioners are charged against the liability account.

(d) Depreciation

Office furniture and equipment is depreciated at 10% on a straight line basis.

3. Changes in accounting policies

(a) Allowance for doubtful accounts

During the year, the Fund changed its method of accounting for the allowance for doubtful accounts. In prior fiscal years, the allowance was calculated by estimating the potential write-off for each loan. In 1989, similar to prior years, where individual problem accounts have been identified, an estimate of the potential write-off is established. In addition, in 1989 a provision is established for all loans in arrears for more than 90 days based on a specific percentage related to the length of the arrears period. This change has been applied prospectively and has resulted in an increase of $140,000 in the allowance for doubtful accounts.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1989

3. Changes in accounting policies (continued)

(b) Pension expense and obligations

During the year, the Fund changed its method of accounting for pension expenses and obligations. In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year, the Fund has recorded a provision to fund current service obligations and to fund past service obligations over a ten-year period. On the basis of an actuarial report, the unfunded liability amounted to $473,024 at December 31, 1988 ($526,501 at December 31, 1987). This change in accounting policy for pension expense and obligations has been applied prospectively and has resulted in an additional $153,000 being charged to operations.

4. Advances by the Province of Manitoba

Funds are advanced by the Province by way of interest-free conditional grants to a revolving fund for the purpose of making direct loans and loan guarantees. If the Communities Economic Development Fund should cease operations, then all remaining funds will be returned to the Province.

The funds advanced are as follows:

	1989	1988
Balance, beginning of year	$7,017,223	$6,122,223
Funds advanced during the year	500,000	895,000
Balance, end of year	$7,517,223	$7,017,223

The balance of available capital authority as at March 31, 1989 is $3,005,000 for direct loans and $1,400,000 for loan guarantees. Any funds drawn in excess of current needs are deposited with the Province interest free.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements for the year ended March 31, 1989

5. Allowance for Doubtful Accounts

The change in the allowance is accounted for as follows:

	1989	1988
Balance, beginning of year	$ 1,138,600	$ 1,169,600
Provision during the year	690,490	655,830
	1,829,090	1,825,430
Less: accounts written off	186,390	686,830
Balance, end of year	$ 1,642,700	$ 1,138,600

6. Loan Commitments and Contingent Liabilities

		1989	1988
(a)	Loan commitments - undisbursed balance of approved loans	$ 228,219	$ 847,947
(b)	Contingent liability - bank loan guarantees	$ 40,000	$ 40,000

(c) Contingent liability - In 1980, a judgement was rendered against the Fund which resulted in certain real property being returned to the plaintiff. An assessment of damages is still to be decided upon by the courts.

7. Due from Province of Manitoba

The Province of Manitoba provided a grant to cover the Fund's anticipated subsidy requirements for the year ended March 31, 1989. The amount of $868,822 (1988 - $515,439), which is shown on the balance sheet (Statement 1), represents additional funds needed to cover the actual requirements for the year.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1989

8. Loan Interest Suspensions

As part of the normal loan account assessment, the Fund periodically suspends interest where accounts are considered uncollectible or where the suspension will assist in the collection process. At March 31, 1989 there were 6 loans (1988 - 7) with principal amounts outstanding of $168,020 (1988 - $399,567) where interest suspensions have been approved by the Board.

9. Comparative Figures

Certain comparative figures have been restated to conform with the presentation of the current year.

MEYERS
NORRIS
PENNY & Co.

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R.D. BAKER, C.A.

12th June, 1989

To the Members
Cooks Creek Conservation District No. 5

AUDITORS' REPORT

We have examined the balance sheet of the Cooks Creek Conservation District No. 5 as at 31st March, 1989 and the statement of revenue and expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances

In our opinion, these financial statements present fairly the financial position of the District as at 31st March, 1989 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Meyers Norris Penny & Co.

Chartered Accountants

COOKS CREEK CONSERVATION DISTRICT NO. 5

BALANCE SHEET AS AT 31ST MARCH, 1989

STATEMENT 1

	1989	1988
ASSETS		
CURRENT ASSETS		
Cash	118,302	82,202
Accounts receivable	62,902	108,000
	181,204	190,202
FIXED ASSETS - Note 2	7,767	5,547
	188,971	195,749
LIABILITIES AND SURPLUS		
CURRENT LIABILITIES		
Conservation District Authority	1,799	7,013
Accounts payable	709	9
	2,508	7,022
EMERGENCY RESERVE	2,000	2,000
SURPLUS		
Balance - Beginning of Year - As Previously Stated	84,061	142,558
Prior Years' Adjustment - Note 3	102,666	34,145
Balance - Beginning of Year - Restated	186,727	176,703
Excess (Deficiency) of Revenue over Expenses	(2,264)	10,024
Balance - End of Year	184,463	186,727
	188,971	195,749

COOKS CREEK CONSERVATION DISTRICT NO. 5

STATEMENT OF BOARD AND SUB-DISTRICT REVENUE AND EXPENSES

FOR THE YEAR ENDED 31ST MARCH, 1989

Statement 2

	1989	1988
REVENUE		
Grants		
Province of Manitoba	231,201	194,348
Rural Municipality of Brokenhead	157	157
Rural Municipality of St. Annes	974	974
Rural Municipality of Springfield	65,724	65,724
Rural Municipality of Tache	6,104	6,104
Challenge 87	-	1,313
Disaster Assistance Board	-	2,966
Province of Manitoba Department of Highways	10,924	-
Rural Municipality of Springfield - Cooks Creek Diversion	62,902	68,521
Sundry	707	-
Interest	8,334	9,640
	387,027	349,747
EXPENSES		
Administration	78,736	70,092
Sub District programs	247,653	195,007
Other board programs	-	6,103
Cooks Creek Diversion	62,902	68,521
	389,291	339,723
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(2,264)	10,024

COOKS CREEK CONSERVATION DISTRICT NO. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1989

NOTE 1 - ACCOUNTING POLICIES

Fixed Assets

Fixed assets are recorded at cost and depreciation is recorded on the straigh line method at the following annual rates:

Equipment	25%
Office Equipment	15%

NOTE 2 - FIXED ASSETS

	Balance Beginning Of Year	Additions	Disposal	Balance End of Year
Fixed Assets				
Equipment	936		936	-
Office equipment	5,966	3,637		9,603
Program support equipment	3,543	181		3,724
	10,445	3,818	936	13,327
Accumulated Depreciation				
Equipment	936		936	-
Office equipment	2,711	1,062		3,773
Program support equipment	1,251	536		1,787
	4,898	1,598	936	5,560
Net Book Value	5,547			7,767

NOTE 3 - PRIOR YEARS' ADJUSTMENT

The prior years' financial statements have been restated to record the full recovery of the Cooks Creek Diversion expenses from the Rural Municipality of Springfield in the year the expenses were incurred. As a result of the adjustment, accounts receivable at 31st March, 1988 increased by $102,666, surplus at 1st April, 1988 increased by $34,145 and revenue from the Rural Municipality of Springfield - Cooks Creek Diversion increased by $68,521 in 1988.

COOKS CREEK CONSERVATION DISTRICT NO. 5

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED 31ST MARCH, 1989

SCHEDULE 1

	1989	1988
ADMINISTRATION		
Association dues	350	350
Board remuneration	10,171	10,936
Depreciation	1,598	1,380
Head office administration	-	354
Insurance	1,095	893
Office maintenance	3,583	3,083
Office rent	4,950	5,188
Printing, postage and stationery	6,989	5,312
Professional fees	1,050	1,100
Public relations	8,919	2,965
Salaries and benefits	37,613	35,766
Watershed manager and students expenses	2,418	2,765
	78,736	70,092
SUB DISTRICT PROGRAMS		
Lower Seine River	100,568	61,704
Cooks Creek	136,621	124,673
Carrs Creek	10,464	8,630
	247,653	195,007
OTHER BOARD PROGRAMS		
Flood expense	-	2,966
Storage yard	-	2,549
Wild life	-	588
	-	6,103
COOKS CREEK DIVERSION	62,902	68,521
TOTAL EXPENSES	389,291	339,723

COOKS CREEK CONSERVATION DISTRICT NO. 5

SCHEDULE OF SUB-DISTRICT PROGRAMS

FOR THE YEAR ENDED 31ST MARCH, 1989

SCHEDULE 2

	Lower Seine River	Cooks Creek	Carrs Creek	1989	1988
Capital works	75,094	-	-	75,094	46,946
Crossings	3,027	81,028	3,721	87,776	133,628
Channel maintenance	22,447	55,593	6,743	84,783	14,433
	100,568	136,621	10,464	247,653	195,007

SCHEDULE OF COST SHARING

FOR THE YEAR ENDED 31ST MARCH, 1989

SCHEDULE 3

		Cost Share					
	Provincial %	District %	Other %	Total Expenses $	Provincial Share $	District Share $	Other Share $
ADMINISTRATION							
General	75	25	-	67,057	50,293	16,764	-
Other	-	100	-	1,508	-	1,508	-
REMUNERATION							
General	75	25	-	9,467	7,100	2,367	-
Other	-	100	-	704	-	704	-
				78,736	57,393	21,343	-
SUB DISTRICT PROGRAMS							
Lower Seine	75/70	25/30	100	100,568	64,025	25,620	10,924
Cooks Creek	75	25	100	136,621	102,090	34,030	500
Carrs Creek	75	25	100	10,464	7,693	2,564	207
				247,653	173,808	62,214	11,631
COOKS CREEK DIVERSION	-	100	-	62,902	-	62,902	-
				389,291	231,201	146,459	11,631

Manitoba

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Schedule of Loans and Loans Guarantee Transactions of The Co-operative Loans and Loans Guarantee Board for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Schedule of Loans and Loans Guarantee Transactions presents fairly the balance of the loans and loans guarantees outstanding as at March 31, 1989 and the loans and loans guarantee transactions of the Board for the year then ended in accordance with the accounting principles stated in note 1 to the Schedule applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

August 25, 1989,
Winnipeg, Manitoba.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Schedule of Loans and Loans Guarantee Transactions for the year ended March 31, 1989

	Amounts outstanding at March 31, 1988	Additions	Payments/ Cancellations	Amounts outstanding at March 31, 1989
Loans:				
Lakeshore Metis Land Improvement Co-op Ltd.	$ 15,047	$ -	$ 15,047	$ -
	$ 15,047	$ 0	$ 15,047	$ 0
Loans Guarantees:				
Winnipeg Arts Club Co-op Inc. (Note 2)	$ 89,872	$ -	$ -	$ 89,872
Northern Cooperative Services Ltd. (Note 3)	600,000	-	-	600,000
	$ 689,872	$ 0	$ 0	$ 689,872

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Notes to the Schedule
for the year ended March 31, 1989

1. a) Loans are carried at the amount of principal due to the Board.

   b) Loans guarantees are carried at the amount guaranteed and are contingent liabilities.

2. The Board guaranteed to the Co-operative Credit Society of Manitoba, Limited (CCSM) a term loan of up to but not exceeding $100,000 extended by CCSM to The Winnipeg Arts Club Cooperative, Inc. (Club). Pursuant to an agreement dated January 27, 1987 between the Board and CCSM, the Board's liability under the guarantee shall not exceed $89,872. The Club was placed in receivership November 21, 1986 and a Trustee in Bankruptcy of the Club was appointed. The Trustee executed a purchase and sale agreement dated January 6, 1987 for the sale of the assets of the Club and assignment of the Club's lease. The necessity of the Board honouring its guarantee will not be finally determined until approximately May 1, 1990 upon completion by CCSM of application to the term loan of purchase price payments or until such prior date as there is either full repayment of the loan or a default under the purchase and sale agreement.

3. The Board guaranteed to the Canadian Imperial Bank of Commerce an operating loan up to but not exceeding $600,000 extended to the Northern Cooperative Services Ltd.

4. The Government of the Province of Manitoba has authorized the following amounts for funding loans and loan guarantees:

Authority	Outstanding Borrowing Authority
The Loan Act, 1980	$ 1,000,000
The Loan Act, 1984(2)	430,000
The Loan Act, 1987	1,250,000
	2,680,000
Less: Amounts encumbered by Department of Finance	689,872
	$ 1,990,128

5. The Board previously obtained title to fixed assets owned by the South Indian Lake Co-op Fisheries Ltd. During the year ended March 31, 1989 the Board obtained proceeds of $22,038 from the rental of the fish processing plant. The proceeds have been paid to the Government of the Province of Manitoba.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Notes to the Schedule
for the year ended March 31, 1989

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6. The Board does not charge a fee for its loans and loan guarantees.

7. The costs related to the administration and general operation of the Board are paid out of an appropriation of the Department of Cooperative, Consumer and Corporate Affairs, Government of the Province of Manitoba.

Manitoba

THE CO-OPERATIVE PROMOTION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Co-operative Promotion Board for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

August 18, 1989
Winnipeg, Manitoba

EXHIBIT A

THE CO-OPERATIVE PROMOTION BOARD

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS

	1989	1988
Current assets:		
Cash	$ 38,914	$ 25,212
Term deposits (Note 3)	216,000	216,000
Accrued interest receivable	4,575	5,764
Total current assets	259,489	246,976
Investments, at amortized cost, Schedule 1	65,773	65,490
	$ 325,262	$ 312,466

LIABILITIES AND EQUITY

Accounts payable	$ 2,150	$ 2,000
Contributed capital (Note 1)	128,800	128,800
Retained earnings, Exhibit B	194,312	181,666
	$ 325,262	$ 312,466

EXHIBIT B

THE CO-OPERATIVE PROMOTION BOARD

Statement of Income and Expenditure and Retained Earnings
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Income:		
Interest	$ 26,557	$ 24,006
Amortization of discount on investments	283	283
Refund of grants -		
Winkler Student Employment Co-op	300	-
Anicinabe Food Co-op Ltd.	360	-
Parkland Machinery Co-op	500	-
Total income	28,000	24,289
Expenditure:		
Grants and direct expenses on behalf of cooperatives:		
Grants, Schedule 2	8,725	14,535
Direct expenses on behalf of cooperatives:		
Gold medal prize	209	211
Leadership development assistance program	1,500	990
School Awards Contest	-	3,526
	10,434	19,262
General and administrative expenses:		
Annual reports	800	2,000
Audit fee	1,729	1,180
Board members' remuneration	520	560
Board members' travel	1,662	1,484
Office expenses	144	128
Miscellaneous	65	-
	4,920	5,352
Total expenditure	15,354	24,614
Income over (under) Expenditure	12,646	(325)
Retained earnings, beginning of year	181,666	181,991
Retained earnings, end of year, Exhibit A	$ 194,312	$ 181,666

SCHEDULE 1

THE CO-OPERATIVE PROMOTION BOARD

Schedule of Investments
as at March 31, 1989

	Par Value	Cost	Accumulated Discount Amortization	Amortized Cost
Manitoba Hydro-Electric Board 7 1/4% bonds due on August 1, 1993	$ 67,000	$ 61,305	$ 4,468	$ 65,773

SCHEDULE 2

THE CO-OPERATIVE PROMOTION BOARD

Schedule of Grants
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
A pi no chi ye sak Day Care Co-op Ltd.	$ 500	$ -
Anicinabe Food Co-op Ltd.	-	360
Belmont Tiny-Tykes Nursery Co-op Inc.	200	-
Berens River Ki-No-Shay Co-op Ltd.	-	500
Blue Ribbon Transportation Co-op Ltd.	-	1,000
Boni Co-op Ltd.	1,000	-
Brandon Gas Bar Co-op Ltd.	-	1,500
Burns Employees' Day Care	500	-
Charles-Cathedral Housing Cooperative Ltd.	-	500
Club Physique Co-op Ltd.	-	750
Co-operative College of Canada Manitoba Region Council	-	690
Co-op Radio (Winnipeg) Inc.	-	500
Dauphin Farmers Market	500	-
DesMeurons Day Care Co-op Inc.	400	-
Duck Mountain Apiary Project	-	250
Generic Graphix Shop	300	-
Little Minnow Day Care Co-op Ltd.	500	-
Little Rascals Day Care Co-op	225	-
Lundar Student Agency	300	-
Conseil de la Cooperation du Manitoba	-	2,000
Minitonas Nursery Co-op Inc.	-	500
Minnedosa & District Farmers' Market	500	-
Nelson House Child Care Co-op Inc.	500	-
Northern Manitoba Aquaculture Co-op Ltd.	1,500	-
Norway House Gas Bar Project	-	500
Oduduwa Co-op Society Inc.	-	500
Ojibway Center of Winnipeg	-	350
Ojibway Housing Co-op Ltd.	-	500
Our Day Care Brandon Co-op Inc.	-	300
Parkland Machinery Co-op	500	-
Riverton Day Care Cooperative Inc.	-	500
St. Norbert Farmers' Market	500	-
Searcom Housing Co-op Ltd.	-	250
Spirit Sands Housing Co-op	100	-
Starting Blocks Cooperative Inc.	-	500
St. Theresa Point Curling Club Co-op Inc.	-	500
Swan Valley Student Employment Project	-	300
T.A.P.S. Centre Co-op Inc.	200	-
Tin-Lanh Housing Co-op Ltd.	-	250
Totems Sports Co-op Inc.	-	375
Transcona Seniors' Housing Co-op Ltd.	-	360
Tyndall Park Playschool Cooperatives Inc.	500	
West St. Paul Nursery School Co-op Inc.	-	500
Winkler Student Employment Project	-	300
	$ 8,725	$ 14,535

THE CO-OPERATIVE PROMOTION BOARD

Notes to the Financial Statements
as at March 31, 1989

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1. Nature and objectives of the Board

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. This Act was repealed when the Cooperative Promotion Trust Act came into force.

The funds controlled by the Board consist of the surplus funds of the original Canadian Wheat Board apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when the Cooperative Promotion Trust Act came into force and assets subsequently acquired by the Board.

The objects of the Board are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

2. Accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles.

a. Grants are reflected as expenditures when paid.

b. Discounts on investments are amortized on a straight line basis over the life of the investment.

c. The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services has not been estimated and is not included in the financial statements.

THE CO-OPERATIVE PROMOTION BOARD

Notes to the Financial Statements
as at March 31, 1989

3. Term deposits

	1989	1988
Me-Dian Credit Union of Manitoba Limited		
10.75% due on June 9, 1989	$100,000	$ -
8.2% due on June 14, 1988	-	100,000
La Caisse Populaire de Saint-Boniface Limitee		
10.75% due on December 21, 1989	64,000	-
9.0% due on December 21, 1988	-	64,000
Province of Manitoba		
10.85% due on April 10, 1989	52,000	-
8.45% due on April 11, 1988	-	52,000
	$216,000	$216,000

Manitoba

THE CRIMINAL INJURIES COMPENSATION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Criminal Injuries Compensation Board for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for pension obligations and rehabilitation claims and except for the change in the method of accounting for temporary disability and medical claims as described in note 3 to the financial statements, on a basis consistent with the preceding period.

F. H. Jackson, CA
Provincial Auditor

June 23, 1989
Winnipeg, Manitoba

EXHIBIT A

THE CRIMINAL INJURIES COMPENSATION BOARD

Balance Sheet
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Receivable from the Province of Manitoba for current year deficiency	$ 104,479	$ 153,444
Long term receivable from the Province of Manitoba for future cost provision	16,806,956	16,084,209
	$ 16,911,435	$ 16,237,653
LIABILITIES AND PROVISIONS		
Bank indebtedness	$ 104,479	$ 153,444
Provision for future costs, Exhibit C (Note 3):		
Pension obligations	15,813,070	15,575,509
Future cost of existing claims	993,886	508,700
	16,806,956	16,084,209
	$ 16,911,435	16,237,653

EXHIBIT B

THE CRIMINAL INJURIES COMPENSATION BOARD

Statement of Operations
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Province of Manitoba:		
Current year	$ 1,647,029	$ 1,488,618
Increase in provision for future costs	722,747	2,917,171
Recoveries - restitution, insurance	19,858	3,008
Bank interest, net of charges	1,544	377
Total revenues	2,391,178	4,409,174
Operating Costs:		
Pensions	1,027,869	939,251
Temporary disability	391,848	333,725
Medical aid	171,957	156,192
Rehabilitation	56,899	59,827
Increase in provision for future costs (note 3)	722,747	2,917,171
	2,371,320	4,406,166
Remittance of recoveries to Province of Manitoba	19,858	3,008
Total operating costs	2,391,178	4,409,174
	$ -	$ -

EXHIBIT C

THE CRIMINAL INJURIES COMPENSATION BOARD

Statement of Provision for Future Costs for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Provision for future costs beginning of year	$ 16,084,209	$ 13,167,038
Increase in provision for future costs	722,747	2,917,171
Provision for future costs end of year	$ 16,806,956	$ 16,084,209

THE CRIMINAL INJURIES COMPENSATION BOARD

Notes to Financial Statement
for the year ended March 31, 1989

1. Authority and Operations

The Criminal Injuries Compensation Act provides that injured victims of crime, or their dependents, be eligible for benefits in an amount similar to compensation paid to workers under The Workers Compensation Act. The intent of the Act is to ensure that any innocent victim of crime or any person injured as a result of assisting a Peace Officer should not be placed in a position of undue financial hardship.

Under an Order of the Lieutenant-Governor-in-Council, The Workers Compensation Board (W.C.B.) was designated to administer The Criminal Injuries Compensation Act. All charges for the administration of the Act are paid from the Consolidated Fund of the Government of the Province of Manitoba through an appropriation of the Department of the Attorney-General.

2. Accounting Policies

The financial statements have been prepared in accordance with the following accounting policies which are considered appropriate for this organization.

a) Receivables

All costs of administering the Act are paid out of the Consolidated Fund under section 24(1) of the Act. Consequently any operational deficiencies are recoverable from the Province of Manitoba.

(b) Provision for Future Costs

(i) Pension Obligations

Capitalized values of pensions awarded are credited to the pension obligations provision which is then charged with pensions paid. The capitalized values are calculated using a 3% discount rate which provides for the estimated cost of anticipated future increases in pension benefits.

The pension obligations provision was estimated by the Board utilizing independent actuarial methodology employed by The Workers Compensation Board in determining their obligations.

(ii) Future Cost of Existing Claims

This provision is the estimated amount required to meet the future cost of compensation, rehabilitation and medical aid claims incurred prior to March 31, 1989.

An independent actuarial review as at March 31, 1989 established the adequacy of this provision.

(c) Administration Expenses

Transactions in respect of benefit payments of the Board are processed by The Workers Compensation Board (W.C.B.). Consequently, administration expenses, such as W.C.B. staff salaries and other operating expenses, are billed to and paid from the appropriation of the Department of Attorney-General and are reflected in the accounts of W.C.B. For the year ended March 31, 1989, the W.C.B. incurred $158,542 (March 31, 1988 - $151,933) for administering the Act which was reimbursed by the Province of Manitoba.

3. Changes in Accounting Policies

The Board adopted an accrual basis of accounting for the current year as described in Note 2. Previously, a cash basis of accounting was used. As a result, a balance sheet (Exhibit A), a statement of operations (Exhibit B) and a statement of provision for future costs (Exhibit C) are included for the first time in these financial statements to provide a more appropriate presentation of the transactions of the Board. These changes have been implemented as follows:

The provision for future costs with respect to pension obligations and rehabilitation claims have been reflected on a retroactive basis.

The provision for future costs with respect to temporary disability and medical aid claims have been reflected on a prospective basis for 1989 only.

The effect of these changes in accounting policy is to increase the provision for future costs by $16,806,956 (1988 - $16,084,209), the receivable from the Province of Manitoba by $16,911,435 (1988 - $16,237,653) and bank indebtedness by $104,479 (1988 - $153,444) on Exhibit A and to increase the expense for future costs on Exhibit B by $722,747 (1988- $2,917,171.

4. Comparative Figures

Certain figures for the year ended March 31, 1988 have been restated to conform with the presentation adopted for the current year.

Manitoba

THE HORSE RACING COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Horse Racing Commission for the year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

May 12, 1989,
Winnipeg, Manitoba.

Exhibit A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Current assets:		
Cash on hand and in bank	$ 383,882	$ 309,467
Account receivable - other	50	-
Prepaid expenses	-	5,744
	$ 383,932	$ 315,211
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 45,792	$ 25,880
Advance - Government of the Province of Manitoba (Note 4)	177,285	200,000
Deferred revenue	7,700	9,800
	230,777	235,680
Funds held in trust (Note 5)	18,192	-
Funds available for future operations, Exhibit B	134,963	79,531
	$ 383,932	$ 315,211

THE HORSE RACING COMMISSION

Exhibit B

Statement of Revenue and Expenditure and Funds Available for Future Operations
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Grant from the Government of the Province of Manitoba	$ 519,000	$ 519,000
Fees, licenses and fines (Note 6)	141,524	145,660
Interest	21,402	13,486
Sundry	1,386	1,571
	683,312	679,717
Expenditure:		
Advertising and promotion	3,294	810
Building renovations	-	2,000
Commissioners' per diem and honoraria	80,331	74,371
Employee benefits	27,969	29,745
Equipment and office furniture	9,975	1,883
Equipment rentals	11,235	11,570
Health and post secondary education tax levy	8,846	8,975
Hearings and appeals	10,130	6,800
Memberships and dues	6,063	5,528
Office	8,005	7,375
Printing rule books	-	9,882
Professional fees	26,480	28,725
Recruiting costs	2,074	1,370
Repairs and maintenance	10,748	9,026
Research grant	5,000	5,000
Salaries:		
Administration	70,558	69,633
Security	35,113	37,044
Stewards and judges	183,995	179,210
Veterinarian services	66,970	63,570
Security supplies and costs	23,947	23,313
Telephone	8,951	6,918
Travel	28,175	25,571
	627,859	608,319
Revenue over expenditure, before extraordinary item	55,432	71,210
Extraordinary item - write-off of accounts receivable arising from 1982 temporary track closure (Note 3)	-	47,653
Revenue over expenditure	55,432	23,557
Funds available for future operations at beginning of of period	79,531	55,974
Funds available for future operations at end of period, Exhibit A	$ 134,963	$ 79,531

Exhibit C

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts and Disbursements
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Grant received from the Government of the Province of Manitoba	$ 4,564,515	$ 4,479,985
Grants disbursed:		
Thoroughbred		
Overnight purse support	$ 2,740,050	$ 2,803,090
Owners/breeders incentive	600,659	600,024
C.T.H.S. administrative grant	43,375	35,000
Standardbred		
Overnight purse support	666,245	517,622
Owners/breeders incentive	229,608	246,182
M.S.S. & B.A. administrative grant	22,000	10,000
Standardbred rural		
Overnight purse support	149,150	151,000
Owners/breeders incentive	63,400	63,383
Stakes program	20,000	20,000
Grants	17,928	22,084
Quarter horse		
Overnight purse support	6,200	6,200
Stakes program	5,000	4,900
M.Q.H.S. administrative grant	900	500
	$ 4,564,515	$ 4,479,985

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1989

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $56,370 as at December 31, 1988 ($40,348 - December 31, 1987).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit C) from the general administrative activities of the Commission.

iv) Printing rule books

The cost of printing rule books is charged to operations once they are approved for printing.

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd. In addition a letter of understanding dated August 7, 1982 from the H.B.P.A. provided that the H.B.P.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission. The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. The original amount receivable of $277,589 was reduced by payments from these organizations to $47,653 as at March 31, 1986.

During the year ended March 31, 1987 the Commission negotiated an arrangement with Assiniboia Downs and the Horsemen's groups whereby the Commission would forgive the balance receivable of $47,653 upon satisfactory completion of certain capital improvements in the backstretch by October 1, 1987 which would benefit all horsemen. The Commission appropriated a reserve of $47,653 from funds available for future operations to reflect this arrangement.

During the year ended March 31, 1988 the Assiniboia Downs advised the Commission that it was unable to proceed with the construction of these capital improvements by October 1, 1987 as previously arranged. The Assiniboia Downs has now proposed to include these capital improvements in a new combined Harness and Thoroughbred Paddock. Satisfactory completion of the proposed new facility will result in the forgiveness of this receivable. In recognition of the likelihood that the Assiniboia Downs will meet this condition the Commission has written off this receivable.

However, the Commission has not abandoned its rights to take appropriate action for recovery in the event that the proposed capital improvements are not completed. This situation is reviewed by the Commission from time to time and at least annually.

4. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

5. Funds held in trust

Funds held in trust represent a liability incurred by contractual arrangement with the Canadian Thoroughbred Horse Society (C.T.H.S.) as part of 1989 Breeder and Owners Incentive Program Award. The costs are included in Thoroughbred Owner/Breeder incentive grants on Exhibit C. The cash which will be used to discharge this liability has been placed in a separate trust bank account under the control of the Commission.

6. Fees, licences and fines

	1989	1988
Thoroughbred		
Daily licences	$ 35,400	$ 35,400
Fees and licences	52,765	54,375
Fines	6,350	9,625
	94,515	99,400
Standardbred		
Daily Licences	25,500	25,700
Fees and licences	10,195	9,360
Fines	11,314	11,200
	47,009	46,260
	$ 141,524	$ 145,660

7. Comparative figures

Certain comparative figures of the previous year have been reclassified in order to conform with the financial statement presentation adopted for the current year.

Manitoba

LEAF RAPIDS TOWN PROPERTIES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Leaf Rapids Town Properties Ltd. as at March 31, 1989 and the statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 2 applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

September 15, 1989
Winnipeg, Manitoba

EXHIBIT A

LEAF RAPIDS TOWN PROPERTIES LTD.

Balance Sheet
March 31, 1989

ASSETS	1989	1988
Current Assets:		
Cash and short-term deposits	$ 736,137	$ 720,974
Accounts receivable	42,043	38,492
Prepaid expense and supplies	19,308	24,605
	797,488	784,071
Developed lots held for resale (note 2(c))	1	1
Land, buildings and equipment, less accumulated depreciation and cost recoveries (notes 2(b) and 4)	4,570,603	4,841,447
Lease costs, net of amortization (note 2(d))	3,262	3,942
	$ 5,371,354	$ 5,629,461
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 105,815	$ 95,895
Current portion of long-term debt	234,503	217,657
	340,318	313,552
Long-term debt (note 5)	3,110,758	3,345,261
	3,451,076	3,658,813
SHAREHOLDER'S EQUITY		
Capital stock (note 3)	2,621,100	2,621,100
Deficit	(700,822)	(650,452)
	1,920,278	1,970,648
	$ 5,371,354	$ 5,629,461

EXHIBIT B

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Income and Deficit
Year Ended March 31, 1989

	1989	1988
Operations (Schedule 1):		
Revenue	$ 1,250,804	$ 1,296,548
Operating expenses	1,018,007	1,060,888
Depreciation and amortization	271,524	258,680
	1,289,531	1,319,568
Loss from operations before other expenses	38,727	23,020
Other expenses (income):		
Property tax on developed lots held for resale (note 2(c))	6,401	6,035
Interest (income) expense - net (note 6)	(13,227)	18,647
Corporation capital tax	18,469	7,551
	11,643	32,233
Loss for the year	50,370	55,253
Deficit, beginning of year	650,452	595,199
Deficit, end of year	$ 700,822	$ 650,452

EXHIBIT C

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Changes in Financial Position
Year Ended March 31, 1989

	1989	1988
Cash provided by (used for):		
Operating activities:		
Net loss	$ (50,370)	$ (55,253)
Item not involving cash:		
Depreciation and amortization	271,524	258,680
	221,154	203,427
Net change in non-cash working capital balances	28,512	169,793
	249,666	373,220
Financing activities:		
Decrease in long-term debt	(234,503)	(217,657)
Investing activities:		
Additions to land, buildings and equipment	-	(10,734)
Increase in cash	15,163	144,829
Cash and short-term deposits, beginning of year	720,974	576,145
Cash and short-term deposits, end of year	$ 736,137	$ 720,974

SCHEDULE 1

LEAF RAPIDS TOWN PROPERTIES LTD.

Schedule of Operating Revenue and Expenses
Year Ended March 31, 1989

	Revenue from Operations	Operating Expenses	Depreciation and Amortization	Operating Income (Loss)	
				1989	1988
Rental Property:					
Commercial:					
Town centre retail	$ 170,947	$ 14,980	$ 33,013	$ 122,954	$ 107,593
Town centre hotel	116,876	159,669	45,575	(88,368)	(67,191)
Commercial building	33,966	24,586	9,232	148	3,072
Industrial park	37,646	26,580	300	10,766	10,007
Mobile home park	29,340	18,108	1,020	10,212	10,976
Staff housing	15,074	13,567	2,139	(632)	5,479
Non-commercial:					
Recreation centre & municipal offices	186,942	78,918	108,024	-	-
Health centre	76,434	32,267	44,167	-	-
Administration of Town Centre complex:					
Common areas	270,717	267,911	24,250	(21,444)	(21,443)
Maintenance dept.	124,925	122,377	2,548	-	-
Property taxes	68,084	68,084	-	-	-
Insurance	30,104	30,104	-	-	-
Allied heating	35,682	35,682	-	-	-
General & administrative expenses	54,067	125,174	1,256	(72,363)	(71,513)
	$ 1,250,804	$ 1,018,007	$ 271,524	$ (38,727)	$ (23,020)

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1989

1. Nature of Operations:

Leaf Rapids Town Properties Ltd. (formerly Leaf Rapids Development Corporation Ltd.) was incorporated in 1971 under the Manitoba Companies Act. It was charged with the responsibility for the planning, design and development of the new community of Leaf Rapids.

Since the completion of the development, the Corporation has managed and operated the physical assets and properties in Leaf Rapids.

2. Summary of Significant Accounting Policies:

(a) Basis of accounting:

The accrual basis of accounting is being followed except for accounting for interest on income debentures as described in 2(e) below.

(b) Fixed assets:

Fixed assets are valued at cost, except for unleased industrial lots and buildings which are valued at net realizable value.

Depreciation on buildings and equipment is recorded at appropriate rates over the estimated useful lives of the related assets as follows:

Town Centre Building:	
Retail, Whitewater Inn and common areas	2 1/2% straight-line
Commercial Building	5% straight-line
Staff housing	2 1/2% straight-line

Equipment:
Whitewater Inn - various rates from 10% to 20% straight-line
Other - various rates

Depreciation on the non-commercial component of the Town Centre Building, being the facilities leased to the Leaf Rapids School District, Leaf Rapids Health and Social Development Centre and the Town of Leaf Rapids, is recorded at amounts equivalent to the principal reduction of the Series B debentures. Basic rental payments made to the Corporation by these entities are equal to the required payments on the debentures. By March 31, 1995 sufficient funds will have been recovered to equal the total capital costs of these facilities.

(c) Developed lots held for resale:

Developed lots held for resale are valued at net realizable value. Property taxes and any other related costs are charged to operations.

(d) Lease costs:

Lease costs are amortized over the terms of the leases to which they relate.

(e) Interest expense on income debentures:

Interest expense on income debentures, calculated in accordance with the methodology outlined in note 5 to the financial statements, is recorded in the year it is paid.

3. Capital Stock:

Authorized:

40,000 common shares, not to exceed $40,000
26,210 8.15% non-cumulative redeemable preferred voting shares, not to exceed $2,621,000.

Issued and fully paid:	1989	1988
100 common shares	$ 100	$ 100
26,210 preferred shares	2,621,000	2,621,000
	$ 2,621,100	$ 2,621,100

Ownership:

All issued shares are held by the Minister of Finance, Government of the Province of Manitoba.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1989

4. Land, Buildings and Equipment:

	Cost				
	Land and Buildings	Equipment	Accumulated Depreciation	Cost Recoveries	Net Book Value
Retail property:					
Commercial:					
Town Centre retail	$ 1,447,007	$ -	$ 456,862	$ -	$ 990,145
Town centre hotel	1,801,348	256,660	834,638	-	1,223,370
Commercial building	183,782	-	144,656	-	39,126
Mobile home park	142,881	6,540	5,945	-	143,476
Industrial park	255,679	-	-	-	255,679
Staff housing	82,881	10,148	35,581	-	57,448
Non-commercial:					
School and cinema	2,426,366	-	-	2,426,366	-
Recreation and municipal	1,815,113	-	-	954,823	860,290
Health centre	742,137	-	-	390,394	351,743
Exhibition centre	132,554	-	-	132,554	-
Other property:					
Town centre:					
Common areas	940,053	20,929	314,709	-	646,273
Expansion site	1	-	-	-	1
Other	-	30,681	27,629	-	3,052
	$ 9,969,802	$ 324,958	$ 1,820,020	$ 3,904,137	$ 4,570,603

5. Long-term Debt:

Government of the Province of Manitoba:

$2,000,000 Series A 8.15% first mortgage debentures secured by the Corporation's land, buildings and equipment, repayable by equal annual instalments of principal and interest in the amount of $122,525 to March 31, 1996.

$2,557,251 Series B 8.15% first mortgage debentures secured by leases with the non-commercial tenants in the Town Centre, repayable by equal annual instalments of principal and interest in the amount of $263,376 to March 31, 1995, in accordance with the varying terms of the leases.

$2,450,000 10% income debentures secured by a floating charge on all assets of the Corporation, second to the first mortgage debentures, repayable by annual instalments equal to one-half of the prior year's cash flow of the Corporation. Such cash flow is determined as that generated from operations less principal repayments made on the debentures. Each annual instalment is applied firstly against annual interest and any remaining balance against principal. Any unpaid interest as a result of such annual repayments is non-cumulative. Such unpaid interest amounted to $148,772 for the year ended March 31, 1989 (1988 - $135,278).

During the year ended March 31, 1989, the following transactions have taken place:

	Series A Debentures	Series B Debentures	Income Debentures	Total
Balance, March 31, 1988	$ 700,118	$ 1,364,223	$ 1,498,577	$ 3,562,918
Annual principal instalments	65,465	-	-	65,465
Annual lease payments	-	152,192	-	152,192
	65,465	152,192	-	217,657
Balance, March 31, 1989	$ 634,653	$ 1,212,031	$ 1,498,577	$ 3,345,261
Total long-term debt				$ 3,345,261
Less current portion				234,503
				$ 3,110,758

6. Interest (Income) Expense - Net:

	1989	1988
Series A debentures	$ 57,060	$ 61,993
Income debentures (note 2(e))	1,086	14,580
	58,146	76,573
Short-term deposits	(71,373)	(57,926)
	$ (13,227)	$ 18,647

Interest expense on the Series B first mortgage debentures in the amount of $111,185 (1988 - $122,653) is included in operating expense in the statement of income and deficit.

Based on the cash flow of the Corporation for the year ended March 31, 1989, an interest payment on the income debenture of $1,749 will be paid and charged to expense in 1990.

7. Related Parties:

As previously noted, all issued shares of the Corporation are held by the Minister of Finance, Government of the Province of Manitoba. In addition to capital stock held, the long-term debt described in note 5 and the interest (income) expense described in note 6, the Corporation has the following balances with the Government of the Province of Manitoba and its agencies reflected in these financial statements as at March 31:

	1989	1988
Short-term deposits	$ 689,731	$ 708,680
Accounts receivable	8,216	10,319
Accounts payable	19,377	11,630

8. Going Concern:

The ongoing viability of the Company depends significantly on the ongoing successful operation of the Ruttan Mine or an appropriate alternative. There is a possibility that in the next few years, should the Ruttan Mine close and an appropriate alternative not be found, the Company may be unable to continue realizing its assets and discharging its liabilities in the normal course of business. However, the Company expects to continue realizing its assets and discharging its liabilities at least until 1997 based on the operation of the Ruttan Mine.

The Board of Directors has reviewed information available regarding the remaining ore reserves, exploration programs currently underway and new mining ventures in the immediate area.

It is the conclusion of the Board that:

(a) the eventual closure of the Ruttan Mine will not necessarily mean the total abandonment of the town and

(b) the date of the eventual closure of the mine cannot be determined at this time.

9. Imputed Interest Cost Information:

The following information is presented in accordance with a request by the Minister of Finance of the Government of the Province of Manitoba.

The annual carrying cost to the Government, for its average investment of $2,025,901 in share capital of the Company during the year as shown in the Public Accounts, calculated at the weighted average interest rate of 10.52% paid by the Government in respect of its debt for the fiscal year ended March 31, 1988, is $213,125.

Manitoba

LE CENTRE CULTUREL FRANCO-MANITOBAIN

RAPPORT DU BUREAU DU VÉRIFICATEUR PROVINCIAL

Nous avons vérifié le bilian ainsi que l'évolution du solde des comptes des fonds du Centre culturel franco-manitobain pour l'éxercice terminé le 31 mars 1989. Notre vérification a été effectuée conformèment aux normes de vérification généralement reconnues, et a comporté par conséquent, les sondages et autres procédés que nous avons jugés nécessaires dans les circonstances.

Á notre avis, ces états financiers présentent fidèlement la situation financière de la corporation au 31 mars 1989 ainsi que les résultats de son exploitation pour l'exercice terminé à cette date selon les conventions comptables énoncées dans la note 2 des états financiers, appliqués de la même manière qu'au cours de l'exercice précédente.

J. W. Singleton, CA
Vérificateur provincial adjoint

Winnipeg (Manitoba)
le 9 juin 1989

Manitoba

LE CENTRE CULTUREL FRANCO-MANITOBAIN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Le Centre culturel franco-manitobain as at March 31, 1989 and the statement of changes in fund account balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 9, 1989,
Winnipeg, Manitoba.

Le Centre culturel franco-manitobain

Bilan
au 31 mars 1989

ACTIF	1989	1988
Actif à court terme :		
Encaisse	82 526 $	76 844 $
Subventions à recevoir - note 4	12 200	13 682
Autres débiteurs	12 292	17 302
Inventaire	23 379	18 494
Frais payés d'avance	4 231	7 640
	134 628 $	133 962 $
PASSIF		
Passif à court terme :		
Créditeurs	35 373 $	40 032 $
Subventions reportées	35 183	33 622
Dépôts pour loyers et dommages	8 273	10 732
	78 829	84 386
COMPTES DES FONDS		
Compte des fonds de fonctionnement		
Fonctionnement général	6 415	2 532
Programmes culturels	17 086	295
	23 501	2 827
Compte des fonds pour projets spéciaux :		
Fonds de capital	1 721	27 980
Campagnes de financement	26 850	17 462
Réserve	3 727	-
Fonds spéciaux	-	1 307
	32 298	46 749
	55 799	49 576
	134 628 $	133 962 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Balance Sheet
as at March 31, 1989

ASSETS

	1989	1988
Current assets:		
Cash	$ 82,526	$ 76,844
Grants receivable - note 4	12,200	13,682
Other accounts receivable	12,292	17,302
Inventory	23,379	18,494
Prepaid expenses	4,231	7,640
	$ 134,628	$ 133,962

LIABILITIES

	1989	1988
Current liabilities:		
Accounts payable	$ 35,373	$ 40,032
Unexpended grants	35,183	33,622
Rental and damage deposits	8,273	10,732
	78,829	84,386

FUND ACCOUNTS

	1989	1988
Operating fund account:		
General operations	6,415	2,532
Cultural programs	17,086	295
	23,501	2,827
Special purpose fund account:		
Capital	1,721	27,980
Fund raising	26,850	17,462
Reserve	3,727	
Special	-	1,307
	32,298	46,749
	55,799	49,576
	$ 134,628	$ 133,962

Le Centre culturel franco-manitobain

Évolution du solde des comptes des fonds pour l'exercice se terminant le 31 mars 1989

	Compte des fonds de fonctionnement		Comptes des fonds pour projets spéciaux					
	Fonctionnement général	Programmes culturels (note 9)	Fonds de capital	Campagnes de financement (Note 3)	Réserve (Note 3)	Fonds spéciaux (Note 3)	Total 1989	Total 1988
Recettes:								
Subventions :								
Gouvernement du Canada et ses organismes	19 501 $	230 507 $	$	$	$	$	250 008 $	257 472 $
Gouvernement du Manitoba et ses organismes	304 546	40 011	41 288				385 845	333 351
Ville de Winnipeg			2 000				2 000	17 750
Subventions diverses	6 000	14 283					20 283	8 125
Frais d'admission		35 181					35 181	5 894
Location des salles et des bureaux	115 898						115 898	104 338
Frais d'administration		19 889					19 889	21 559
Services techniques	21 191						21 191	13 812
Ventes réalisées aux étalages de vente	23 005	9 665					32 670	14 382
Commissions	5 625						5 625	3 981
Intérêts	6 836	4 950					11 786	5 587
Campagnes de financement - note 7				56 098			56 098	52 230
Produits divers	7 395	8 674	83				16 152	8 920
Publicité		9 390					9 390	10 035
Café jardin (net) - note 8	6 258						6 258	(4 066)
	516 255	372 550	43 371	56 098			988 274	853 370
Dépenses :								
Fonctionnement général - note 5	522 080						522 080	425 849
Programmes culturels - note 5		371 503					371 503	338 215
Dépenses imputées au fonds de capital - note 6			69 630				69 630	91 726
Campagnes de financement - note 7				18 838			18 838	13 343
Étude spéciale								5 525
	522 080	371 503	69 630	18 838			982 051	874 658
Excédent (déficit) par rapport aux dépenses	(5 825)	1 047	(26 259)	37 260			6 223	(21 288)
Transferts interfonds	9 708	15 744		(27 872)	3 727	(1 307)		
Évolution du solde des comptes des fonds	3 883	16 791	(26 259)	9 388	3 727	(1 307)	6 223	(21 288)
Solde au début de l'exercice	2 532	295	27 980	17 462		1 307 $	49 576	70 864
Solde à la fin de l'exercice	6 415 $	17 086 $	1 721 $	26 850 $	3 727 $	- $	55 799 $	49 576 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Changes in Fund Account Balances
for the year ended March 31, 1989

	Operating Fund Account		Special Purpose Fund Account					
	General Operations	Cultural Programs (Note 9)	Capital	Fund Raising (Note 3)	Reserve (Note 3)	Special (Note 3)	1989 Total	1988 Total
Revenues:								
Grant revenue:								
Government of Canada and its agencies	$ 19,501	$ 230,507	$	$	$	$	$ 250,008	$ 257,472
Government of the Province of Manitoba and its agencies	304,546	40,011	41,288				385,845	333,351
City of Winnipeg			2,000				2,000	17,750
Miscellaneous	6,000	14,283					20,283	8,125
Admissions		35,181					35,181	5,894
Rental - halls and offices	115,898						115,898	104,338
Administration fees		19,889					19,889	21,559
Technical services	21,191						21,191	13,812
Concession sales	23,005	9,665					32,670	14,382
Commissions	5,625						5,625	3,981
Interest	6,836	4,950					11,786	5,587
Fund raising activities - note 7				56,098			56,098	52,230
Miscellaneous	7,395	8,674	83				16,152	8,920
Advertising sales		9,390					9,390	10,035
Cafe Jardin (net) - note 8	6,258						6,258	(4,066)
	516,255	372,550	43,371	56,098			988,274	853,370
Expenditures:								
General operating - note 5	522,080						522,080	425,849
Cultural programs - note 5		371,503					371,503	338,215
Capital - note 6			69,630				69,630	91,726
Fund raising activities - note 7				18,838			18,838	13,343
Special study								5,525
	522,080	371,503	69,630	18,838			982,051	874,658
Revenues (under) over expenditures	(5,825)	1,047	(26,259)	37,260			6,223	(21,288)
Interfund transfers	9,708	15,744		(27,872)	3,727	(1,307)		
Changes in fund account balances	3,883	16,791	(26,259)	9,388	3,727	(1,307)	6,223	(21,288)
Balance, beginning of year	2,532	295	27,980	17,462		1,307	49,576	70,864
Balance, end of year	$ 6,415	$ 17,086	$ 1,721	$ 26,850	$ 3,727	$ -	$ 55,799	$ 49,576

Notes afférentes aux états financiers au 31 mars 1989

1. Renseignements généraux

Le Centre culturel franco-manitobain est constitué en corporation en vertu du chapitre C45 des lois de la province du Manitoba. La corporation a pour objectifs de maintenir, d'encourager, de stimuler et de parrainer, par tous les moyens que ce soit, les activités culturelles qui se déroulent en français, ainsi que de faire connaître la culture canadienne française à tous les habitants de la province.

2. Conventions comptables

a) Méthode de comptabilité

Les recettes sont inscrites au compte de l'année au cours de laquelle ont lieu les manifestations dont elles sont tirées. Les subventions destinées à des programmes ou projets précis sont inscrites comme recettes dans la mesure où les dépenses prévues ont été engagées (le solde est reporté et inscrit sous la rubrique "Subventions non gagnées"), sauf en ce qui concerne les subventions en capital, qui sont inscrites au compte des recettes de l'année au cours de laquelle elles sont reçues.

Les dépenses de fonctionnement sont inscrites au compte de l'année au cours de laquelles sont acquis les biens ou les services.

Les acquisitions de biens corporels sont portées au compte des dépenses de l'année d'acquisition.

b) Compte des fonds

Les ressources financières de la corporation sont affectées aux divers projets correspondant aux activités et aux objectifs du Centre culturel franco-manitobain. Ces fonds sont répartis en deux comptes de fonds : le compte des fonds de fonctionnement et le compte des fonds pour les projets spéciaux.

Compte des fonds de fonctionnement général

1) Fonctionnement général - Opérations liées notamment à l'entretien des installations, au fonctionnement général de la corporation et du Café jardin, ainsi qu'à l'acquisition de biens d'immobilisation accessoires. Soixante pour cent des profits du Café Jardin sont virés annuellement au compte des campagnes de financement.

2) Programmes culturels - Opérations liées notamment à la mise en oeuvre des activités culturelles mentionnées dans les objectifs de la corporation.

Le Centre Culturel Franco-Manitobain

Notes to Financial Statements
March 31, 1989

---

1. Nature of Operations

Le Centre culturel franco-manitobain is incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The Corporation's objectives are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities, in the French language, and to make available Franco-Canadian culture to all residents of the Province.

2. Accounting Policies

a) Basis of Accounting

Revenues are recorded in the year in which the events occur that give rise to the revenues. Grants received for a specific program or purpose are recorded as revenue to the extent that the related expenditures have occurred (the balance is deferred and recorded as Unearned Grants), except for capital grants which are recorded as revenue when received.

Operating expenditures are recorded in the year in which the goods or services are acquired.

Physical asset purchases are recognized as expenditures in the year of acquisition.

b) Fund Accounts

The Corporation classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives as follows:

General Fund Account

1) General Operations - this fund account includes transactions related to the maintenance of facilities, the general operations of the Corporation and the Cafe Jardin, and the acquisition of minor capital assets. Sixty percent of any profits generated by the Cafe Jardin are transferred, on an annual basis, to the Fund Raising Fund Account.

2) Cultural Programs - this fund account includes transactions related to the delivery of cultural programs as outlined in the objectives of the Corporation.

2. Conventions comptables (suite)

Compte des fonds pour les projets spéciaux

1) Compte du fonds de capital - Opérations liées notamment à l'acquisition de biens d'immobilisation financés en grande partie au moyen de subventions d'immobilisation.

2) Compte des campagnes de financement - Opérations liées notamment aux campagnes de financement. Dix pour cent de l'excédent par rapport aux dépenses du compte des campagnes de financement sont virés annuellement au compte du fonds de réserve. Le solde doit être utilisé pour subventionner des activités culturelles.

3) Compte du fonds de réserve - créé pour accueillir les virements du compte des campagnes de financement. Le solde accumulé dans ce compte servira à combler tout déficit qui surviendrait dans le fonds de fonctionnement général ou le fonds des programmes culturels par suite de circonstances exceptionnelles.

c) Inventaire

L'inventaire est évalué en fonction du coût - et l'on utilise pour cela la méthode de l'épuisement successif - ou de la valeur de réalisation nette, selon le moins élevé des deux.

3. Modification aux comptes des fonds

Conformément à sa politique qui est de veiller à ce que tous les fonds soient vraiment représentatifs de la nature de ses activités, la corporation a fermé le compte des fonds spéciaux et a viré le solde de 1 307 $ (au 31 mars 1989) au compte de fonds des programmes culturels. Ainsi, les opérations qui étaient auparavant portées au compte des fonds spéciaux sont à présent portées au compte des fonds de fonctionnement général. La corporation a également créé un fonds de réserve (voir note 2).

4. Subventions à recevoir

	1989	1988
Gouvernement du Canada et ses organismes	- $	5 994 $
Gouvernement du Manitoba et ses organismes	12 200	1 472
Ville de Winnipeg	-	6 216
	12 200 $	13 682 $

2. Accounting Policies (continued)

Special Purpose Fund Account

1) Capital Fund Account - this fund account includes transactions related to the acquisition of capital assets funded primarily by capital grants.

2) Fund Raising Fund Account - this fund account includes transactions related to fund raising activities. On an annual basis, ten percent of the Fund Raising Fund Account's Revenues over Expenditures is transferred to the Reserve Fund Account. The balance is to be used specifically for the funding of cultural program activities.

3) Reserve Fund Account - this fund account was established exclusively for the purpose of accumulating transfers from the Fund Raising Fund Account. The accumulated balance in the fund account will be used to cover deficits in either the General Operation or Cultural Programs Fund Accounts that may occur as a result of unusual or unanticipated circumstances.

c) Inventory

Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

3. Changes in Fund Accounts

As part of the Corporation's ongoing process of ensuring all fund accounts clearly reflect the nature of its operations, the Corporation has closed the Special Fund Account and transferred the March 31, 1988 balance of $1,307 to the Cultural Programs Fund Account. As a result, transactions formerly recorded in the Special Fund Account are now recorded in the General Operations Fund Account. The Corporation has also created a Reserve Fund Account as described in note 2.

Le Centre culturel franco-manitobain

Notes afférentes aux états financiers
au 31 mars 1989

5. Compte des dépenses de fonctionnement général et des programmes culturels

	1989			1988
	Fonctionnement général	Programmes culturels	Total	Total
Salaires	300 346 $	160 138 $	460 484 $	468 379 $
Services publics	53 657	-	53 657	54 538
Location et entretien d'équipement	27 056	10 720	37 776	31 764
Dépenses de bureau	19 084	13 531	32 615	46 526
Contrats d'emplois	-	110 170	110 170	54 036
Achat d'équipement	22 927	3 541	26 468	9 243
Entretien et fournitures de bureau	18 618	25 506	44 124	25 487
Achats pour les étalages de vente	9 547	-	9 547	7 988
Réunions et déplacements	8 970	19 040	28 010	14 008
Relations publiques	3 129	15 229	18 358	15 774
Études spéciales	25 465	-	25 465	-
Honoraires	6 331	7 711	14 042	9 259
Impôt destiné aux services médicaux et à l'éducation postsecondaire	4 566	2 484	7 050	9 652
Assurance et permis	6 226	1 747	7 973	4 958
Cours	9 239	947	10 186	4 948
Créances irrécouvrables	555	-	555	1 475
Divers	6 364	739	7 103	6 029
	522 080 $	371 503 $	893 583 $	764 064 $

6. Les dépenses imputées au fonds de capital sont les suivantes :

Rénovation des toilettes	59 214 $
Rénovation du Café Jardin	3 336
Équipement technique	3 413
Équipement d'entretien	3 667
	69 630 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements
March 31, 1989

4. Grants Receivable

	1989	1988
Government of Canada and its agencies	$ -	$ 5,994
Government of the Province of Manitoba and its agencies	12,200	1,472
City of Winnipeg	-	6,216
	$ 12,200	$ 13,682

5. General Operations and Cultural Program Fund Account Expenditures

	1989			1988
	General Operations	Cultural Programs	Total	Total
Salaries	$ 300,346	$ 160,138	$ 460,484	$ 468,379
Utilities	53,657	-	53,657	54,538
Equipment rental/maintenance	27,056	10,720	37,776	31,764
Office expense	19,084	13,531	32,615	46,526
Employment contracts	-	110,170	110,170	54,036
Equipment purchases	22,927	3,541	26,468	9,243
Maintenance and office supplies	18,618	25,506	44,124	25,487
Concession purchases	9,547	-	9,547	7,988
Meetings and travel	8,970	19,040	28,010	14,008
Public relations	3,129	15,229	18,358	15,774
Special studies	25,465	-	25,465	-
Professional fees	6,331	7,711	14,042	9,259
Health and post secondary education levy	4,566	2,484	7,050	9,652
Insurance permits	6,226	1,747	7,973	4,958
Courses	9,239	947	10,186	4,948
Bad debts	555	-	555	1,475
Miscellaneous	6,364	739	7,103	6,029
	$ 522,080	$ 371,503	$ 893,583	$ 764,064

Le Centre culturel franco-manitobain

Notes afférentes aux états financiers
au 31 mars 1989

7. Campagnes de financement

	1989	1988
Recettes :		
Conseil interculturel du Manitoba - bingo	28 622 $	26 683 $
Beaujolais nouveau - Vente de billets	13 550	12 840
Vente d'alcool (recettes nettes)	1 308	530
Parrains	2 000	2 000
	16 858	15 370
Contribution de la Fédération des aînés franco-manitobains	-	1 794
Nevada - Vente de billets	9 151	8 139
- Intérêt	617	244
	9 768	8 383
Dons	350	-
Parrains	500	-
	850	-
	56 098	52 230
Dépenses :		
Beaujolais nouveau	12 968	8 954
Achat de billets Nevada	3 191	2 898
Divers	2 679	1 491
	18 838	13 343
Excédent par rapport aux dépenses	37 260 $	38 887 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements
March 31, 1989

6. Expenditures charged to the capital fund account consist of the following:

Washroom renovations	$ 59,214
Cafe-Jardin renovations	3,336
Equipment technical	3,413
Maintenance equipment	3,667
	$ 69,630

7. Fund Raising Activities

	1989	1988
Revenues:		
Manitoba Intercultural Council - bingo	$ 28,622	$ 26,683
Beaujolais Nouveau - ticket sales	13,550	12,840
- liquor sales(net)	1,308	530
- sponsors	2,000	2,000
	16,858	15,370
Contribution from the Federation des Aines Franco-Manitobain	-	1,794
Nevada - ticket sales	9,151	8,139
- interest	617	244
	9,768	8,383
Donations	350	-
Sponsors	500	-
	850	-
	56,098	52,230
Expenditures:		
Beaujolais Nouveau	12,968	8,954
Nevada ticket purchases	3,191	2,898
Miscellaneous	2,679	1,491
	18,838	13,343
Revenues over expenditures	$ 37,260	$ 38,887

Notes afférentes aux états financiers
au 31 mars 1989

8. Café jardin

	1989	1988
Recettes :		
Vente d'alcool (déduction faite des impôts)	96 022 $	80 452 $
Vente de produits alimentaires	91 319	133 804
Divers	4 283	2 578
	191 624	216 834
Coût des produits vendus :		
Achats	81 323	88 080
Stock au début de l'exercice	7 621	6 273
	88 944	94 353
Stock à la fin de l'exercice	(8 946)	(7 621)
	79 998	86 732
Frais d'exploitation :		
Salaires	90 942	122 188
Impôt destiné aux services médicaux et à l'éducation postsecondaire	1 441	2 617
Réparations et entretien	488	1 844
Publicité	1 188	2 454
Divers	696	519
Équipement et fournitures	10 613	4 546
	105 368	134 168
	185 366	220 900
Excédent (déficit) par rapport aux dépenses	6 258 $	(4 066)$

Notes to Financial Statements
March 31, 1989

8. Cafe Jardin

	1989	1988
Revenues:		
Liquor sales (net of tax)	$ 96,022	$ 80,452
Food sales	91,319	133,804
Miscellaneous	4,283	2,578
	191,624	216,834
Cost of sales:		
Purchases	81,323	88,080
Opening inventory	7,621	6,273
	88,944	94,353
Closing inventory	(8,946)	(7,621)
	79,998	86,732
Operating expenses:		
Salaries	90,942	122,188
Health and post secondary education levy	1,441	2,617
Repairs and maintenance	488	1,844
Advertising	1,188	2,454
Miscellaneous	696	519
Equipment and supplies	10,613	4,546
	105,368	134,168
	185,366	220,900
Revenues over (under) expenditures	$ 6,258	$ (4,066)

9. Les opérations liées aux activités offertes dans le cadre des programmes culturels sont inscrites selon le type d'opération. Ces opérations peuvent aussi être présentées par activité ou programme, comme suit :

	Recettes	Dépenses
Administration générale des programmes	103 792 $	85 514 $
Programmes d'information	35 814	31 718
Activités communautaires	153 542	175 392
Arts et artisanat	57 036	54 687
Projets spéciaux	13 365	13 790
La Boutique	9 001	10 402
	372 550 $	371 503 $

10. Le bâtiment utilisé par la corporation appartient au gouvernement du Manitoba, qui ne demande pas de loyer à la corporation. Celle-ci doit prendre en charge tous les frais d'exploitation et d'entretien, à l'exception de l'assurance-incendie et de l'assurance responsabilité civile, souscrites par la Province. Le gouvernement a aussi accordé une subvention de fonctionnement de 276 300 $ (268 300 $ en 1988) à la corporation. Afin de limiter au minimum l'apport de la Province, la corporation demande un loyer à tous les organismes qui se servent de ses locaux. Ces revenus sont portés au crédit du compte des dépenses de fonctionnement général et servent à couvrir les frais d'exploitation de la corporation.

11. Évènement postérieur au bilan

Une entente a été signée par le gouvernement du Manitoba et le gouvernement du Canada, dans laquelle les parties s'engagent à financer conjointement des travaux de rénovation dont les coûts s'élèveront à 1 000 000 $. Cette entente entre en vigueur le 31 mars 1989.

12. Lorsque cela était nécessaire, nous avons redressé les chiffres correspondants de l'exercice terminé le 31 mars 1988 afin de nous conformer à la présentation adoptée pour l'exercice se terminant le 31 mars 1989.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements
March 31, 1989

9. Transactions for cultural program activities have been presented by nature of transaction. These transactions may also be presented on the basis of program or activity, as follows:

	Revenues	Expenditures
General program administration	$ 103,792	$ 85,514
Information program	35,814	31,718
Community activities	153,542	175,392
Arts and crafts program	57,036	54,687
Special projects	13,365	13,790
La Boutique	9,001	10,402
	$ 372,550	$ 371,503

10. The building used by the Corporation is owned by the Government of the Province of Manitoba. The building is made available to the Corporation without rental charge. The Corporation is responsible for all operating and maintenance costs, except for fire and third party liability insurance which is provided by the Province. The Province has also provided the Corporation with an operating grant of $276,300 (1988, $268,300). In order to minimize the extent of Provincial support, the Corporation charges rent to all groups and organizations that make use of the premises. This rental revenue is credited to the General Operating Fund Account to assist in paying the general operating expenditures of the Corporation.

11. Subsequent Event

Effective March 31, 1989 an agreement was signed between the Government of the Province of Manitoba and the Government of Canada to jointly fund a $1,000,000 renovation to the facilities.

12. Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for March 31, 1989.

Manitoba

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 to 5 of The Legal Aid Services Society of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the position of the Fund of The Legal Aid Services Society of Manitoba as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

September 21, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Fund
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Fund balance beginning of year	$ 30,134	$ 24,817
Excess of receipts over disbursements, Exhibit B	185	5,317
Fund balance end of year	$ 30,319	$ 30,134
Fund balance represented by:		
Cash on hand and in bank	$ 754,653	$ 271,134
Outstanding reimbursement from the Government of the Province of Manitoba (Note 2.a)	10,000	175,000
Cheques issued and outstanding (Note 2.a)	(734,334)	(416,000)
Fund balance end of year	$ 30,319	$ 30,134

EXHIBIT B

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Receipts and Disbursements
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Receipts:		
Government of the Province of Manitoba (Note 4)	$10,153,215	$ 8,847,202
The Manitoba Law Foundation (Note 5)	1,530,738	1,464,339
Government of Canada - grant re Northern Para-legal Project	113,925	31,075
Contributions from clients	135,940	129,223
Recoveries (Note 6)	229,749	181,152
Judgement costs and settlements	26,858	22,933
Interest income	29,835	28,057
Other	7,509	3,252
Total receipts	12,227,769	10,707,233
Disbursements:		
Private bar fees and disbursements (Note 2.a):		
Legal aid certificates	7,393,689	6,087,154
Duty counsel services	79,725	79,218
	7,473,414	6,166,372
Community Law Centres, Schedule 1	3,025,013	2,910,482
Public Interest Law Centre, Schedule 2	228,814	253,905
University Law Centre, Schedule 3	64,990	55,163
Northern Para-legal Project, Schedule 4	129,964	84,877
General and administrative, Schedule 5	1,305,389	1,231,117
Total disbursements	12,227,584	10,701,916
Excess of receipts over disbursements Exhibit A	$ 185	$ 5,317

SCHEDULE 1

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Community Law Centres
Schedule of Operating Expenses
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Advertising and information	$ 806	$ 1,789
Certificate disbursements	73,922	76,033
Data processing	3,231	-
Duplicating services and supplies	40,093	26,012
Fly-in duty counsel program - travel	40,205	49,326
Furniture, equipment and leasehold improvements - net of disposals	7,212	44,820
Health and post secondary education tax levy	47,862	45,482
Library	28,592	27,447
Maintenance	22,544	23,484
Meetings and seminars	13,673	15,864
Office and postage	140,178	138,437
Office relocation	650	-
Rent	159,679	140,982
Salaries and benefits - professional	1,795,830	1,745,281
- clerical	468,058	416,276
Staff recruitment	7,041	8,704
Stationery and forms	2,898	4,216
Sundry	1,263	1,415
Telephone	94,810	76,208
Travel	62,725	55,210
Utilities	13,741	13,496
Total, Exhibit B	$ 3,025,013	$ 2,910,482

SCHEDULE 2

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Public Interest Law Centre
Schedule of Operating Expenses
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Expert witnesses and consultants	$ 27,905	$ 60,629
File disbursements	14,336	6,997
Furniture and equipment	3,581	1,050
Health and post secondary education tax levy	2,601	3,321
Meetings and seminars	1,385	3,323
Office and postage	1,486	1,726
Rent	12,027	11,587
Salaries and benefits	157,344	157,809
Sundry	2,627	2,490
Travel	5,522	4,973
Total, Exhibit B	$ 228,814	$ 253,905

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

University Law Centre
Schedule of Operating Expenses
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Certificate disbursements	$ 817	$ 544
Duplicating services and supplies	436	574
Furniture and equipment	-	403
Health and post secondary education tax levy	745	689
Office and postage	1,914	1,898
Salaries and benefits - professional	30,805	24,252
- clerical	22,754	20,360
Stationery and forms	576	441
Sundry	46	18
Telephone	3,403	2,965
Travel	3,494	3,019
Total, Exhibit B	$ 64,990	$ 55,163

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Northern Para-legal Project
Schedule of Operating Expenses
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Advertising and information	$ -	$ 143
Fly-in duty counsel program - travel	25,523	8,795
Furniture, equipment and leasehold improvements - net of disposals	-	12,113
Health and post secondary education tax levy	1,674	856
Library	-	26
Meetings and seminars	5,300	2,922
Office and postage	231	105
Professional fees	9,000	12,000
Rent	9,820	5,313
Salaries and benefits	78,360	40,125
Staff recruitment	-	513
Stationery and forms	-	1,132
Sundry	56	59
Travel	-	775
Total, Exhibit B	$ 129,964	$ 84,877

SCHEDULE 5

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Schedule of General and Administrative Operating Expenses for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Advertising and information	$ 13,907	$ 2,658
Bank charges	1,772	4,175
Collections	1,215	1,689
Data processing	95,392	57,107
Directors' fees and expenses	19,589	19,530
Duplicating services and supplies	27,686	23,053
Evaluation study	-	82
Filing fees	1,494	160
Furniture, equipment and leasehold improvements - net of disposals	654	31,873
Health and post secondary education tax levy	19,208	17,419
Library	5,810	6,296
Maintenance	1,639	2,238
Meetings and seminars	6,191	4,963
Office and postage	63,017	95,381
Professional fees	12,840	14,631
Rent	68,548	63,192
Salaries, honoraria and benefits	883,432	808,895
Staff recruitment	455	28
Stationery and forms	32,118	31,686
Sundry	1,453	1,091
Telephone	31,928	28,875
Travel	11,681	8,509
Utilities	5,360	7,586
Total, Exhibit B	$ 1,305,389	$ 1,231,117

Notes to Financial Statements
for the year ended March 31, 1989

1. Objective of the Society

The objective of the Society is to assist individuals, groups and organizations who, left to their own means, could not afford to retain the services of a lawyer. Clients may be charged a fee based on their ability to pay.

Legal aid may be furnished to groups and organizations involving matters of an interest common to members of the group and relating to issues of public interest such as, but not restricted to, consumer and environmental issues.

Legal aid may be provided to wards of agencies if they would otherwise be eligible for legal aid. The cost of the legal aid provided is recovered from the agencies.

2. Significant Accounting Policies

a) Cash Basis of Accounting

The Society presents its financial statements on a cash basis with the following exceptions:

i) The Society takes into receipts, grants received from the Government of the Province of Manitoba after the end of the fiscal year when these are paid by the Government out of funds voted for the year then ended.

ii) The Society records as disbursements, payments made after the end of the fiscal year of billings for private bar fees and disbursements, when these are reimbursed by the Government out of funds voted for the year then ended. The payments are included in cheques issued and outstanding shown in the Statement of Fund.

b) Fixed Assets

Fixed assets are charged to operations in the year acquired.

c) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Society contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Society's employees amounted to $1,582,000 as at December 3, 1988 (1987 - $1,277,000).

d) Salary Related Costs

Staff benefits and other salary related costs are paid directly out of an appropriation of the Government of the Province of Manitoba and are handled by the Society as described below.

Where the amounts of a particular salary related cost are readily determinable, the amount is shown as a receipt from the Government of the Province of Manitoba and as an expenditure in the appropriate disbursement category. The salary related costs recorded in this manner are pension costs as described in (Note 2 c), unemployment insurance, Canada Pension Plan, group life insurance, accidental death and disablement insurance and the health and post secondary education tax levy.

Where the amounts of a particular salary related cost are not readily determinable, these costs are excluded from the Statement of Receipts and Disbursements. The salary related costs which are handled in this manner are Workers Compensation Board assessments, dental plan and long-term disability payments.

3. General and Administrative Expenses

General and administrative expenses incurred to provide services of the Public Interest Law Centre, the University Law Centre and the Society's other programs are reflected in the Schedule of General and Administrative Expenses.

4. Government of the Province of Manitoba Receipts:

	1989	1988
Grants (Note 2.a)	$ 6,750,000	$ 5,675,000
Salaries and other payments	3,217,600	2,998,745
Health and post secondary education tax levy - Civil Service Commission	71,150	66,172
Employer portion of employee benefits - Civil Service Commission	114,465	107,285
	$10,153,215	$ 8,847,202

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Notes to Financial Statements
for the year ended March 31, 1989

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5. The Manitoba Law Foundation Receipts:

	1989	1988
Grant	$ 1,270,738	$ 1,204,339
Public Interest Law Centre	200,000	200,000
University Law Centre	60,000	60,000
	$ 1,530,738	$ 1,464,339

6. Recoveries Receipts:

	1989	1988
Wards of agencies	$ 93,454	$ 95,274
Private bar fees	30,644	30,434
Public Interest Law Centre	58,614	33,852
Realty tax refund	-	21,592
Insurance claim	47,037	-
	$ 229,749	$ 181,152

7. Significant Receivables, Liabilities and Commitments

a) Receivables

Approximate accounts receivable respecting contributions, recoveries and judgements, without providing an allowance for doubtful accounts, amounted to $ 213,000 for the year ended March 31, 1989 (1988 - $ 168,000).

b) Liabilities

	1989	1988
Approximate liability for legal aid certificate billings received but unpaid	$ 65,700	$ 18,900
Approximate liability for duty counsel billings received but unpaid	-	600
Approximate liability for unpaid operating expenses	137,400	116,700
	$ 203,100	$ 136,200

c) Commitments

Lease

i) The Society rents facilities under operating leases. The aggregate annual rental of the commitments under the leases, which expire at varying dates to March 31, 1992, are:

1990	$ 168,559
1991	155,045
1992	85,737
1993	8,333
	$ 417,674

Private Bar

ii) Estimated total commitments for future billings on outstanding legal aid certificates amounted to $ 6,160,000 for the year ended March 31, 1989 (1988 - $ 6,243,000).

Manitoba

THE LIQUOR CONTROL COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Liquor Control Commission as at March 31, 1989 and the statements of income and cash flow and the schedule of sales, cost of sales and gross profit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations and its cash flow for the year then ended in accordance with accounting principles as disclosed in note 2 applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

May 30, 1989
Winnipeg, Manitoba

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

BALANCE SHEET
AS AT MARCH 31, 1989
($000's)

ASSETS

	1989	1988
Current Assets:		
Cash on hand and in banks	$ 1,432	$ 2,115
Accounts receivable - claims and other	400	258
Inventory (Note 3)	13,828	14,964
Prepaid expenses and supplies	337	349
	$15,997	$17,686

LIABILITIES

	1989	1988
Current Liabilities:		
Net profit payable to the Province of Manitoba	$ 1,902	$ 5,352
Accounts payable - trade and other	7,605	5,856
Manitoba Retail Sales Tax payable	1,567	1,572
Deferred licence fees	423	406
	11,497	13,186
Non-interest bearing working capital advance provided by the Province of Manitoba	4,500	4,500
	$15,997	$17,686

APPROVED ON BEHALF OF THE COMMISSION:

Chairman

Emerson

President and
Chief Executive Officer

A. B.

Vice-President,
Finance

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1989
($000's)

	1989	1988
Sales:		
Stores and liquor vendors (Note 4)	$178,583	$181,987
Licensees	188,557	183,000
	367,140	364,987
Cost of Sales:		
Stores, liquor vendors, licensees	199,360	196,345
Gross profit	167,780	168,642
Other income (Note 5)	7,427	6,284
	175,207	174,926
General and Administrative Expenses (Note 6)	23,772	22,817
Operating profit before fixed assets charged to operations	151,435	152,109
Fixed assets charged to operations (Notes 2 and 7)	1,233	658
Net profit paid or payable to the Province of Manitoba	$150,202	$151,451

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1989
($000's)

	1989	1988
Cash Receipts:		
Sales - spirits, wine, coolers/ciders & beer	$367,140	$364,987
Annual and supplementary licence fees and other	7,260	6,489
Manitoba Retail Sales Tax	21,078	21,489
	395,478	392,965
Cash Disbursements:		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	196,873	198,289
General and administrative expenses	23,337	23,308
Fixed assets charged to operations	1,216	672
Manitoba Retail Sales Tax	21,083	21,357
	242,509	243,626
Net cash available for transfer	152,969	149,339
Transfers to Minister of Finance:		
Current year profit	148,300	146,100
Prior year profit	5,352	5,262
	153,652	151,362
Excess of disbursements/transfers over receipts	$ 683	$ 2,023
Represented by increase in cash in bank:		
Cash on hand and in bank April 1	$ 2,115	$ 4,138
Less excess of disbursements/transfers over receipts	683	2,023
Cash on hand and in bank March 31	$ 1,432	$ 2,115

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT FOR THE YEAR ENDED MARCH 31, 1989

($000's)

	Spirits	Wine	Coolers/ Ciders	Beer	Total
Sales:					
Stores and liquor vendors	$125,516	$ 33,052	$ 4,623	$ 15,392	$178,583
Licensees	23,318	7,649	876	156,714	188,557
Total Sales for 1989	$148,834	$ 40,701	$ 5,499	$172,106	$367,140
Total Sales for 1988	$152,684	$ 42,455	$ 4,878	$164,970	$364,987
Cost of Sales:					
Total Cost of Sales for 1989	$ 64,779	$ 18,431	$ 3,042	$113,108	$199,360
Total Cost of Sales for 1988	$ 65,894	$ 20,000	$ 2,683	$107,768	$196,345
Gross Profit for 1989	$ 84,055	$ 22,270	$ 2,457	$ 58,998	$167,780
Gross Profit for 1988	$ 86,790	$ 22,455	$ 2,195	$ 57,202	$168,642
Gross Profit as a Percentage of Sales for 1989	56.5	54.7	44.7	34.3	45.7
Gross Profit as a Percentage of Sales for 1988	56.8	52.9	45.0	34.7	46.2

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1989

($000's)

1. NATURE OF ORGANIZATION

The Manitoba Liquor Control Commission was established in 1923 and obtains its authority for operating from the Liquor Control Act and Manitoba Regulations. The Commission is responsible for the purchase, sale and control of beverage alcohol throughout the province. The Commission functions as an effective retailer of regulated products, always combining business effectiveness with a strong awareness of social responsibility.

2. ACCOUNTING POLICIES

The Commission follows generally accepted accounting principles with the following modifications:

a. Fixed Assets

Fixed assets are charged to operations in the year acquired.

b. Pensions

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $15,572 as at December 31, 1988 (1987 - $14,550).

3. INVENTORY AT COST

	1989	1988
In bond merchandise	$ 7,215	$ 8,123
Duty paid merchandise	6,613	6,841
	$ 13,828	$ 14,964

The amount of unpaid Customs, Excise duties and Sales tax on owned merchandise held in bond was approximately $3,598 at March 31, 1989 (1988 - $4,425).

4. SALES - STORES AND LIQUOR VENDORS

	1989	1988
Sales to liquor vendors	$ 33,026	$ 33,160
Discounts	(2,588)	(2,615)
	30,438	30,545
Store sales	148,145	151,442
	$178,583	$181,987

5. OTHER INCOME

	1989	1988
Supplementary licence fees	$ 3,917	$ 4,003
Occasional permits additional fees	1,590	924
Border point levies	575	321
Occasional permits	499	433
Annual licence fees and licence application fees	444	270
Miscellaneous	402	333
	$ 7,427	$ 6,284

6. GENERAL AND ADMINISTRATIVE EXPENSES

	1989	1988
Salaries and benefits	$14,858	$14,420
Leased premises - rentals (Note 8)	2,140	1,900
Superannuation	1,116	1,085
Delivery charges	987	981
Maintenance and repairs	847	819
Printing, postage and supplies	668	596
Utilities	645	591
Grants in lieu of taxes	493	447
Health and post secondary education tax levy	323	314
Equipment rentals (Note 8)	295	290
Travelling	244	226
Informational programs	220	196
Protective services	183	161
Product analysis	165	274
Miscellaneous	159	136
Public Investment Corporation levy	138	107
Audit, legal & other professional fees	104	111
Staff training	95	71
Board of Commissioners - salaries and expenses	51	50
Licensing Board - salaries and expenses	41	42
	$23,772	$22,817

7. FIXED ASSETS

	1989	1988
Fixed assets charged to operations:		
Leasehold improvements	$ 583	$222
Equipment and furnishings	331	348
Systems development	267	60
Automobiles	52	28
	$1,233	$658

8. LONG-TERM LEASES

a. The Commission leases its head office and 13 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985, for a period of 99 years.

b. The Commission leases another 38 buildings. Leases have expiry dates ranging from 1989 to 2008.

The future minimum lease payments for each of the next five years are as follows:

Year Ending March 31	
1990	$1,340
1991	1,161
1992	1,081
1993	912
1994	785

c. The Commission leases Hewlett-Packard computer equipment. Leases on the Hewlett-Packard computer equipment have expiry dates ranging from 1989 to 1993.

The future minimum lease payments for each of the years to the expiry of the contracts are as follows:

Year Ending March 31	
1990	$158
1991	35
1992	11
1993	8

9. MANITOBA RETAIL SALES TAX

In addition to the net profit of $150,202, the Commission remitted Manitoba Retail Sales Tax of $21,083 (1988 - $21,357).

10. COMPARATIVE FIGURES

Prior year's comparative figures have been restated to conform to the classifications adopted for the fiscal year ended March 31, 1989.

DUNWOODY & COMPANY
Internationally
DUNWOODY ROBSON McGLADREY & PULLEN
Chartered Accountants
2300 Commodity Exchange Tower
360 Main Street, Winnipeg, Manitoba
Canada R3C 4H5
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FAX (204) 943-7953

AUDITORS' REPORT

TO THE SHAREHOLDER

MANFOR LTD.

We have examined the balance sheet of Manfor Ltd. as at 31 December 1988, and the statements of income and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at 31 December 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The comparative figures were reported on by other auditors.

Dunwoody & Company

Winnipeg, Manitoba
29 March 1989

CHARTERED ACCOUNTANTS

MANFOR LTD.

BALANCE SHEET
31 DECEMBER 1988

ASSETS

	1988	1987
	(Thousands of Dollars)	
CURRENT		
Cash and short term deposits	$ 12,566	$ 14,708
Accounts receivable, note 2	12,790	11,094
Inventories, note 3	27,292	23,176
Prepaid expenses	1,095	702
	53,743	49,680
FIXED, note 4	87,211	89,796
	$140,954	$139,476

LIABILITIES

	1988	1987
CURRENT		
Accounts payable and accrued liabilities	$ 9,069	$ 9,004

SHAREHOLDER'S EQUITY

	1988	1987
SHAREHOLDER'S EQUITY, note 5	131,885	130,472
	$140,954	$139,476

SIGNIFICANT ACCOUNTING POLICIES, note 1
PENSION PLANS, note 6
SUBSEQUENT EVENT, note 7

Approved on behalf of the Board:

MANFOR LTD.

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 1988

	1988	1987
	(Thousands of Dollars)	
NET SALES		
Paper	$ 86,493	$ 78,768
Lumber	9,836	13,661
Other	-	56
	96,329	92,485
OPERATING EXPENSES		
Cost of sales	77,416	74,093
General and administrative	10,071	9,831
	87,487	83,924
INCOME FROM OPERATIONS BEFORE DEPRECIATION	8,842	8,561
Depreciation	8,800	7,828
INCOME FROM OPERATIONS	42	733
OTHER INCOME		
Interest	1,225	1,084
Insurance proceeds	-	800
Gain on disposal of fixed assets	146	718
	1,371	2,602
NET INCOME FOR THE YEAR	$ 1,413	$ 3,335

MANFOR LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 1988

	1988	1987
	(Thousands of Dollars)	
CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Operations		
Net income for the year	$ 1,413	$ 3,335
Items not involving cash		
Depreciation	8,800	7,828
Gain on disposal of fixed assets	(146)	(718)
Cash provided by operations	10,067	10,445
Changes in non-cash working capital balances		
Accounts receivable	(1,696)	383
Inventories	(4,116)	(1,110)
Prepaid expense	(393)	175
Accounts payable	65	1,559
	3,927	11,452
FINANCING ACTIVITIES		
Reduction in long term debt	-	(886)
INVESTING ACTIVITIES		
Purchase fixed assets	(6,283)	(5,644)
Proceeds from disposal of fixed assets	214	1,575
	(6,069)	(4,069)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(2,142)	6,497
Cash and equivalents, beginning of year	14,708	8,211
CASH AND EQUIVALENTS, END OF YEAR	$ 12,566	$ 14,708

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1988

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company:

(a) Inventories

Finished goods, logs and work in process are stated at the lower of cost and net realizable value. Mill stores and other supplies are stated at the lower of cost and replacement cost which is not in excess of net realizable value. Cost is generally determined on a weighted average cost basis.

(b) Fixed Assets

At the Company's inception, all assets, except those included in the Engineering Division, were valued on the basis of inventories expenditures to the date of receivership of the originating companies, January 7, 1971. The Engineering Division fixed assets were valued on the basis of their estimated useful value as of the above date. All of the above assets have been recorded in a general asset pool which is depreciated as a single asset. All subsequent fixed asset additions have been recorded at cost and, with the exception of mobile equipment and assets relating to the Woodlands Division, have been added to the fixed asset pool. The Company ceased making additions to the asset pool as at January 1, 1987, except for the completion costs of construction in progress as at that date. Government grants received relating to capital expenditures are credited to fixed assets and the annual depreciation expense has been reduced accordingly.

Asset disposals are accounted for as follows:

- for those assets recorded in the general asset pool, the original or estimated cost of the asset, net of proceeds, is charged to accumulated depreciation.

- for assets not recorded in the general asset pool, gains or losses are credited or charged to operations.

Depreciation is being applied as follows:

General mill assets - five percent applied on a straight line basis.

Development costs - straight line basis over a 10 year period.

Mobile equipment - straight line based upon hours used related to estimated total usable hours.

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1988

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Roads, railspurs and timber rights - straight line based upon timber delivered to the mill site related to estimated total yield of area serviced.

Other equipment - straight line basis over a five to twenty year period.

(c) Foreign Currencies

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that time. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

(d) Net Sales

In arriving at net sales, revenues from the sale of paper are reduced by commissions, discounts and freight.

2. ACCOUNTS RECEIVABLE

	1988	1987
	(Thousands of Dollars)	
Trade	$ 12,113	$ 9,425
Other	677	1,669
	$ 12,790	$ 11,094

3. INVENTORIES

	1988	1987
	(Thousands of Dollars)	
Logs	$ 12,747	$ 11,337
Work in process	4,607	2,867
Finished goods	1,177	656
Mill stores and other supplies	8,761	8,316
	$ 27,292	$ 23,176

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1988

4. FIXED ASSETS

	1988		1987	
	Cost (Thousands	Accumulated Depreciation of Dollars)	Cost (Thousands	Accumulated Depreciation of Dollars)
General mill assets	$157,727	$ 60,957	$155,133	$ 54,442
Development costs	5,296	2,047	5,296	1,518
Mobile equipment	7,061	4,735	6,720	4,891
Roads, railspurs and timber rights	12,045	5,913	10,072	5,020
Other equipment	1,492	243	1,153	192
	183,621	73,895	178,374	66,063
Less: Government assistance received	22,515	-	22,515	-
	161,106	73,895	155,859	66,063
Cost less accumulated depreciation	$ 87,211		$ 89,796	

5. SHAREHOLDER'S EQUITY

Share Capital

The Company is wholly-owned by the Province of Manitoba and is incorporated under the authority of The Manitoba Natural Resources Development Act.

Shares Authorized	
Common shares	Unlimited number of shares
Preferred shares	Class "A", unlimited, non-participating, non-voting, carrying a non-cumulative dividend entitlement of 7%, redeemable at $1 per share Class "B", unlimited, retractable, non-voting, carrying a cumulative dividend entitlement of 11%, redeemable at $1 per share

The 38,519,000 Class "B" preferred shares were converted to an equal number of Class "A" preferred shares on 31 December 1988 by an Order in Council.

5. SHAREHOLDER'S EQUITY (Cont'd)

Shares Issued		1988	1987
		(Thousands of Dollars)	
20,000,000	Common shares	$ 20,000	$ 20,000
235,639,809	Class "A" preferred shares	235,640	197,121
	Class "B" preferred shares	-	38,519
		255,640	255,640
Deficit			
Balance, beginning of year		($125,168)	($128,503)
Net income for the year		1,413	3,335
Balance, end of year		(123,755)	(125,168)
		$131,885	$130,472

6. PENSION PLANS

The Company pension plans, covering substantially all employees, are defined benefit pension plans. The cost of pension benefits earned by employees is determined using the projected benefit method prorated on service and is charged to earnings as services are rendered. This cost reflects management's best estimates of the pension plans' expected investment yield, salary escalations, mortality of members, terminations, and the ages at which members will retire. Adjustments arising from plan amendments, experience gains or losses, changes in assumptions and the pension fund surplus as at January 1, 1988, are amortized over the estimated average remaining service lives of the employee groups.

Actuarial valuations were performed on the three plans between 30 September 1986 and 31 December 1987. The present value of accrued pension benefits, based upon these actuarial valuations, attributed to services rendered up to the financial statement date and the value of pension fund assets are as follows:

	1988	1987
	(Thousands of Dollars)	
Accrued pensions benefits	$ 10,923	$ 8,507
Pension fund assets	$ 11,184	$ 9,682

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1988

7. SUBSEQUENT EVENT

Subsequent to the year end, the Company's Shareholder entered into an agreement to transfer ownership of 100% of the shares of the Company. Under the terms of the agreement, the purchaser has committed to undertake a conversion of the existing unbleached kraft pulp and paper mill to a bleached kraft pulp mill.

Manitoba

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H Jackson
F. H. Jackson, CA,
Provincial Auditor.

September 8, 1989,
Winnipeg, Manitoba.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Balance Sheet
as at March 31, 1989

ASSETS	1989	1988
The Agricultural Credit Corporation Act		
Cash (Note 3)	$ 4,878,810	$ 2,877,140
Accounts receivable (Note 4)	1,677,180	552,964
Other receivables (Note 9 a)):		
Stocker program advances (Note 5)	2,180,921	2,650,983
Mortgages, chattels and agreements for sale (Note 6)	207,730,706	218,199,456
Promissory notes (Note 7)	292,325	514,437
Security agreements (Note 8)	759,048	996,685
	210,963,000	222,361,561
Real estate (Notes 10 and 13))	20,145,000	17,332,672
Unamortized debt discount and expense	42,975	49,341
	237,706,965	243,173,678
Part III of The Fisheries Act		
Cash on deposit with the Minister of Finance	23,277	16,696
Prepaid expenses	3,067	3,337
Loans receivable (Note 9 b))	6,161,972	5,357,674
	6,188,316	5,377,707
	$243,895,281	$248,551,385

EXHIBIT A

LIABILITIES AND DEFICIT	1989	1988
The Agricultural Credit Corporation Act		
Accounts payable:		
The Province of Manitoba	$ 474,118	$ 824,625
Other	1,211,039	1,630,172
	1,685,157	2,454,797
Provision for losses on guaranteed operating loans (Note 15 b))	1,434,191	2,117,000
Advances from the Province of Manitoba (Note 11 a))	248,346,046	252,427,879
Deficit account (Note 12 a)):		
Balance at beginning of year	(13,825,998)	(7,613,445)
Excess of revenue over expenditure, Exhibit B	67,569	(6,212,553)
Balance at end of year	(13,758,429)	(13,825,998)
	237,706,965	243,173,678
Part III of The Fisheries Act		
Accounts payable	7,497	9,688
Advances from the Province of Manitoba (Note 11 b))	6,579,133	5,761,929
Deficit account (Note 12 b)):		
Balance at beginning of year	(393,910)	28,289
Excess of expenditure over revenue, Exhibit C	(4,404)	(422,199)
Balance at end of year	(398,314)	(393,910)
	6,188,316	5,377,707
	$243,895,281	$248,551,385

EXHIBIT B

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Revenue and Expenditure
for the year ended March 31, 1989

	1989	1988
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$ 20,052,830	$ 20,881,156
Interest Rate Reduction Program	-	13,022,630
Promissory notes	118,177	142,715
Stocker program advances	267,115	268,704
Security agreements	103,845	157,462
Cash on deposit with the Minister of Finance	39,120	34,802
Term deposits with the Minister of Finance	1,074,307	991,846
	21,655,394	35,499,315
Real estate (Note 13)	1,647,184	1,199,003
Other	29,924	191,472
	23,332,502	36,889,790
Expenditure:		
Administration, Schedule 1	10,504,639	14,099,355
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,038,454	24,750,101
Interest Rate Reduction Program	-	13,022,630
	24,038,454	37,772,731
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	11,278,160	8,769,743
	12,760,294	29,002,988
Total expenditure	23,264,933	43,102,343
Excess of revenue over expenditure, Exhibit A	$ 67,569	$ (6,212,553)

EXHIBIT C

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Revenue and Expenditure
for the year ended March 31, 1989

	1989	1988
Revenue:		
Loan interest	$ 628,705	$ 539,082
Grant from the Province of Manitoba re administration costs (Note 2 b))	323,677	348,817
	952,382	887,899
Expenditure:		
Administration costs:		
Salaries	270,838	278,084
Audit fees	5,740	7,220
Bad debts (Note 9 b))	37,200	47,585
Collection expenses	2,432	1,348
Data processing	5,013	7,384
Employee benefits	26,865	20,361
Furniture and fixtures	227	3,936
Health and post secondary education levy	5,098	5,417
Miscellaneous	355	195
Postage	1,843	1,893
Rental of office premises	16,261	14,858
Stationery, supplies and equipment rentals	8,559	7,620
Telephone	12,632	11,532
Travelling	16,913	22,468
Workers compensation	2,743	2,165
	412,719	432,066
Financing charges:		
Interest on advances from Province of Manitoba	544,067	465,347
	956,786	897,413
Excess of expenditure over revenue before refund to the Province of Manitoba	4,404	9,514
Refund to the Province of Manitoba	-	412,685
Excess of expenditure over revenue, Exhibit A	$ 4,404	$ 422,199

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1989

	1989	1988
Receipts:		
Advances from the Province of Manitoba	$ 19,000,000	$ 30,800,000
Collections on account of mortgages, chattels and agreements for sale:		
Principal	8,003,143	13,730,044
Interest	22,961,803	21,997,645
Other charges	1,130,706	1,297,365
	32,095,652	37,025,054
Collections on account of promissory notes:		
Principal	106,495	218,412
Interest	125,818	173,077
	232,313	391,489
Collections on account of stocker program advances receivable:		
Principal	3,617,754	3,452,771
Interest	258,540	192,692
	3,876,294	3,645,463
Collections on account of security agreements receivable:		
Principal	2,200,104	4,498,386
Interest	134,592	187,621
	2,334,696	4,686,007
Collections on account of Manitoba Interest Rate Relief Program (Note 16)		
Principal	648,821	699,626
Interest	396,724	468,669
	1,045,545	1,168,295
Interest:		
On cash on deposit with the Minister of Finance	39,120	34,802
On term deposits with the Minister of Finance	1,074,307	991,846
	1,113,427	1,026,648
Carried forward	$ 59,697,927	$ 78,742,956

EXHIBIT D

Disbursements:	1989	1988
Mortgages and agreements for sale	$ 12,188,985	$ 16,717,310
Promissory notes	5,897	4,067
Stocker program	3,176,537	3,858,152
Land and building purchases	11,191	80,329
Security agreements	1,957,247	3,235,868
Sundry charges on account of mortgages	782,383	922,878
Taxes charged on land leasing	85,411	120,261
Young farmer rebates	1,651,346	1,586,940
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	18,342,661	20,045,813
Interest Rate Reduction Program	-	13,022,630
	18,342,661	33,068,443
Payment to the Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 16)		
Principal	549,395	607,913
Interest	386,230	485,666
	935,625	1,093,579
Carried forward	$ 39,137,283	$ 60,687,827

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1989

	1989	1988
Receipts:		
Brought forward	$ 59,697,927	$ 78,742,956
Proceeds from term deposits	29,125,000	30,000,000
Proceeds from sale of real estate	3,129,712	552,149
Collections on account of land leasing	1,540,206	1,221,785
Administration costs - Manitoba Interest Rate Relief Program (Note 16)	33,246	39,736
Miscellaneous	104,612	565,257
Trust account:		
Insurance claim proceeds	5,000	47,242
Total cash receipts	93,635,703	111,169,125
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,877,140	5,343,809
	$ 96,512,843	$116,512,934

EXHIBIT D

	1989	1988
Disbursements:		
Brought forward	$ 39,137,283	$ 60,687,827
Repayment of capital advances to the Province of Manitoba	17,804,522	18,649,697
Purchase of term deposits	29,125,000	30,000,000
Administration costs	5,199,617	4,292,731
Miscellaneous	367,611	5,539
Total cash disbursements	91,634,033	113,635,794
Cash on hand, in bank and on deposit with the Minister of Finance at end of year	4,878,810	2,877,140
	$ 96,512,843	$116,512,934

EXHIBIT E

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Receipts and Disbursements
for the year ended March 31, 1989

	1989	1988
Receipts:		
Province of Manitoba:		
Advances	$ 1,850,000	$ 1,000,000
Grant re administration costs	290,881	310,746
	2,140,881	1,310,746
Collections on account of loans:		
Principal	3,753,594	3,222,899
Interest	566,056	478,069
Interest from Province of Manitoba	24,574	27,687
	4,344,224	3,728,655
Miscellaneous	-	108
Total cash receipts	6,485,105	5,039,509
Cash on deposit with the Minister of Finance at beginning of year	16,696	194,429
	$ 6,501,801	$ 5,233,938
Disbursements:		
Loans	$ 4,558,206	$ 3,954,462
Administration costs	376,251	384,748
Interest on advances from the Province of Manitoba	544,067	465,347
Refund to the Province of Manitoba	-	412,685
Repayment of advance to the Province of Manitoba	1,000,000	-
Total cash disbursements	6,478,524	5,217,242
Cash on deposit with the Minister of Finance at end of year	23,277	16,696
	$ 6,501,801	$ 5,233,938

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Schedule of Administration Expenditure
for the year ended March 31, 1989

	1989	1988
Salaries	$ 1,789,583	$ 1,680,506
Advertising	33,476	51,062
Audit fees	32,530	28,880
Bad debts (Note 9 a))		
- promissory notes	113,873	22,802
- mortgages, chattels and agreements for sale	5,989,719	10,118,409
- stocker program	37,441	152,777
- land lease program	(66,991)	67,058
- security agreements	(35,988)	189,088
Collection expenses	1,167	1,025
Data processing	48,269	63,973
Directors' fees and expenses	35,873	20,464
Ear tags	(589)	15,540
Employee benefits	154,640	152,195
Guaranteed loan losses	987,839	679,050
Insurance	14,798	13,896
Health and post secondary education levy	41,653	37,987
Messenger service	3,647	2,958
Miscellaneous	2,205	1,503
Office furniture and equipment	17,012	19,657
Office rental, cleaning, light and power	147,905	159,592
Postage	26,470	28,031
Professional fees	21,430	10,861
Property taxes	394,750	292,523
Real estate maintenance	15,809	54,086
Relocation expenses	4,417	6,152
Stationery, office supplies and equipment rental	59,462	53,426
Telephone	48,224	45,213
Travelling	100,117	114,014
Workers compensation	21,813	16,627
Assistance under the Manitoba Mediation Board Program	464,085	-
Total administration expenditure, Exhibit B	$ 10,504,639	$ 14,099,355

Notes to the Financial Statements
for the year ended March 31, 1989

1. Nature of Operations

The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

The Corporation carries out the following programs:

a) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

b) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

and the Corporation accounts for each of these programs separately.

2. Significant Accounting Policies

a) The Corporation operates on the accrual basis of accounting except for the following:

   i) Equipment and office furniture are charged to operations in the year of acquisition.

   ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired.

   iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $2,708,987 at December 31, 1988 (1987 - $2,375,268).

   iv) In accordance with the procedures followed by the Province of Manitoba, the Corporation's account with the Minister of Finance is held open until May 15, to reflect transactions recorded by the Province as of March 31.

2. a) (Continued)

   v) The Government of the Province of Manitoba provides the services of legal counsel, computer system programmer/analysts and other miscellaneous administrative services at no charge to the Corporation. The costs of these services is estimated to be approximately $100,000 (1988 - $140,000). These costs are not reflected in these financial statements.

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province of Manitoba from its appropriations.

   c) The allowances for doubtful accounts relate to loans and accounts receivable, are determined on an individual account basis, and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 9. Actual losses on loans and accounts receivable are charged to the allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Cash

Cash consisted of the following at March 31:

	1989	1988
On hand and in bank	$ 109,675	$ 14,046
On deposit with the Minister of Finance (Note 2 a)iv))	4,769,135	2,863,094
	$ 4,878,810	$ 2,877,140

4. Accounts Receivable

Accounts receivable consisted of the following at March 31:

	1989	1988
Rent (Note 9 a))	$ 556,457	$ 741,660
Sale of real estate	1,299,860	264,521
Conditional incentive grants and accrued interest	14,792	13,661
Other	17,302	17,359
	1,888,411	1,037,201
Less: allowance for doubtful accounts	211,231	484,237
	$ 1,677,180	$ 552,964

5. Stocker Program Advances Receivable

Stocker program advances receivable consisted of the following at March 31:

	1989	1988
Renewable interest bearing advances, 18 month term	$ 2,481,060	$ 2,898,589
Interest free advances, 12 month term, discontinued in 1975-76	20,720	20,742
Interest bearing advances under programs discontinued in 1974-75	1,185	1,632
Accrued interest	107,244	128,139
	2,610,209	3,049,102
Less: allowance for doubtful accounts	429,288	398,119
	$ 2,180,921	$ 2,650,983

6. Mortgages, Chattels and Agreements for Sale Receivable

A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due is as follows:

Receivable Within:	1989	1988
1 year		
Accrued interest	$ 10,763,813	$ 11,436,003
Arrears	15,488,284	15,524,883
Prepayments	(7,826,548)	(6,704,700)
Regular instalments	8,754,679	8,520,967
	27,180,228	28,777,153
2 years - regular instalments	9,025,500	8,878,737
3 years - regular instalments	9,345,334	9,109,715
4 years - regular instalments	8,979,996	9,416,133
5 years - regular instalments	9,025,792	9,001,044
Over 5 years - regular instalments	159,423,040	167,977,456
	222,979,890	233,160,238
Less: allowance for doubtful accounts	15,249,184	14,960,782
	$ 207,730,706	$ 218,199,456

7. Promissory Notes Receivable

Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. This program was terminated in December, 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1989	1988
1 year		
Accrued interest	$ 59,903	$ 78,567
Arrears	557,397	609,335
Prepayments	(15,425)	(11,977)
Regular instalments	71,414	101,141
	673,289	777,066
2 years - regular instalments	66,050	80,152
3 years - regular instalments	65,222	73,134
4 years - regular instalments	68,543	72,182
5 years - regular instalments	47,241	73,607
Over 5 years - regular instalments	37,290	91,434
	957,635	1,167,575
Less: allowance for doubtful accounts	665,310	653,138
	$ 292,325	$ 514,437

8. Security Agreements Receivable

Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $865,335 (1988 - $1,229,278) less the allowance for doubtful accounts of $106,287 (1988 - $232,593). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1989, accrued interest of $33,784 (1988 - $52,529) and arrears of $160,918 (1988 - $284,035) are included in the total security agreements receivable.

9. Allowance for Doubtful Accounts

Asset account balances are shown net of the following allowances for doubtful accounts (Note 2 c)):

Asset	Allowance March 31/88	Adjustment Required 1988/89	Accounts Written-Off 1988/89	Required Allowance March 31/89
a) The Agricultural Credit Corporation Act:				
Accounts receivable - rent	$ 484,237	$ (66,991)	$ 206,015	$ 211,231
Stocker program	398,119	37,441	6,272	429,288
Mortgages, chattels and agreements	14,960,782	5,989,719	5,701,317	15,249,184
Promissory notes	653,138	113,873	101,701	665,310
Security agreements	232,593	(35,988)	90,318	106,287
	$ 16,728,869	$ 6,038,054	$ 6,105,623	$ 16,661,300
b) Part III of The Fisheries Act:				
Loans receivable	$ 422,199	$ 37,200	$ 32,796	$ 426,603

10. Real Estate

Real estate consists of purchases for the land lease program at cost, and foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values at acquisition date. Approximately 97% of this real estate has been leased, approximately 90% of which is subject to an option to purchase.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Notes to the Financial Statements
for the year ended March 31, 1989

11. Advances from the Province of Manitoba

These advances consisted of the following at March 31:

	1989	1988
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.125%	$ 239,496,046	$ 243,577,879
Advances repayable at maturity:		
12.74% due March 3, 2000	8,850,000	8,850,000
	$ 248,346,046	$ 252,427,879
Maturities of principal by fiscal year are as follows:		
1989	$ -	$ 18,241,464
1990	17,792,569	15,506,462
1991	16,183,608	13,555,232
1992	13,159,499	12,634,134
1993	14,171,895	13,832,541
1994	13,063,015	12,688,451
1995 through 2019	173,975,460	165,969,595
	$ 248,346,046	$ 252,427,879
b) Part III of The Fisheries Act:		
Advances repayable on demand, interest payable at prime rates	$ 6,579,133	$ 4,761,929
Advances repayable by March 31, 1989 without interest	-	1,000,000
	$ 6,579,133	$ 5,761,929

12. Deficit Accounts

a) The Agricultural Credit Corporation Act

The deficit arises out of the fact that the Province provides funds only on accounts receivable actually written off by the Corporation, but not those for which only an allowance for doubtful accounts has been provided.

b) Part III of The Fisheries Act

The deficit arises out of the fact that the Province provides funds only on accounts receivable actually written off by the Corporation, but not those for which only an allowance for doubtful accounts has been provided.

13. Sale of Real Estate

During the year ended March 31, 1989, the Corporation sold seventy-one of its properties. The results were as follows:

	Number	Sales Proceeds	Cost	Gain (Loss)
Sales to Lessees	13	$ 690,872	$ 694,782	$ (3,910)
Sales by Public Tender	58	3,367,071	3,269,716	97,355
	71	$ 4,057,943	$ 3,964,498	$ 93,445

The total gain of $93,445 (1988 - $48,772) has been included in real estate revenue of $1,647,184 (1988 - $1,199,003).

14. Loans Approved but not Disbursed

These loans amounted to the following at March 31:

a) The Agricultural Credit Corporation Act:

Mortgages, chattels and agreements for sale:

	1989	1988
Direct loans	$ 5,802,523	$1,763,747
Corporate loans	472,402	290,623
Refinancing program - regular	223,424	141,516
Part-time farmers	327,550	42,525
Land lease program	5,814	12,087
Crown land loans	-	6,590
Mediated loans	185,846	679,600
	7,017,559	2,936,688
Stocker program advances	907,537	1,400,619
Security agreements	82,700	2,400
	$ 8,007,796	$ 4,339,707

The Corporate loans amount includes $276,020 (1988 - $279,241) which represents performance bond guarantees to agricultural marketing agencies.

b) Part III of The Fisheries Act:

	1989	1988
Direct loans	$ 285,400	$ 300,329

15. Contingent Liabilities

At March 31, 1989, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1989, these guaranteed loans amounted to $468,556 (1988 - $573,344). No provision for this contingency has been made in the financial statements since no loans under this program are in default.

b) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12 1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1989, the Corporation's contingent liability amounted to $3,424,603 (1988 - $4,622,313). A partial provision for this contingency has been made in the financial statements in the amount of $1,434,191 (1988 - $2,117,000).

16. Manitoba Interest Rate Relief Program

The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

Manitoba

MANITOBA ARTS COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedule 1, of the Manitoba Arts Council for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these statements present fairly the financial position of the Manitoba Arts Council as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

August 16, 1989,
Winnipeg, Manitoba.

MANITOBA ARTS COUNCIL

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS

	1989	1988
Grants and Programs Fund		
Cash on hand and in bank less outstanding cheques	$ 44,757	$ (320,451)
Funds on deposit with the Province of Manitoba	1,825,000	1,090,000
Short term investments, at cost	1,494,066	3,007,165
Accounts receivable	72,900	29,861
Accrued interest receivable	53,856	69,982
	3,490,579	3,876,557
Manitoba Artists' Bank Fund		
Receivable from Grants and Programs Fund	189,494	201,029
Investments, at cost (note 4)	586,227	651,026
Works of art, at cost	82,493	36,702
Musical instruments, at cost	65,760	-
	923,974	888,757
Jack Hassard Memorial Trust Fund		
Receivable from Grants and Programs Fund	2,500	2,500
	2,500	2,500
Manitoba Arts Gaming Fund		
Receivable from Grants and Programs Fund	762,097	800,321
	762,097	800,321
	$5,179,150	$5,568,135

EXHIBIT A

LIABILITIES AND BALANCE OF FUNDS

	1989	1988
Grants and Programs Fund		
Accounts payable and accrued liabilities	$ 34,352	$ 16,567
Commitments on grants and programs	1,457,457	1,253,136
Payable to Manitoba Arts Gaming Fund	762,097	800,321
Payable to Manitoba Artists' Bank Fund	189,494	201,029
Payable to Jack Hassard Memorial Trust Fund	2,500	2,500
Grants and Programs Fund, Exhibit B (notes 3 & 7)	1,044,679	1,603,004
	3,490,579	3,876,557
Manitoba Artists' Bank Fund		
Investments in works of art & musical instruments	148,253	36,702
Manitoba Artists' Bank Fund, Exhibit C (notes 3 & 7)	775,721	852,055
	923,974	888,757
Jack Hassard Memorial Trust Fund		
Jack Hassard Memorial Trust, Exhibit D (note 3)	2,500	2,500
	2,500	2,500
Manitoba Arts Gaming Fund		
Commitments on distributions to organizations	557,344	628,174
Manitoba Arts Gaming Fund, Exhibit E (note 3)	204,753	172,147
	762,097	800,321
	$5,179,150	$5,568,135

EXHIBIT B

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Statement of Revenue, Expenditures, and Fund Balance
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Province of Manitoba	$1,646,400	$1,598,400
The Manitoba Lotteries Foundation	4,084,811	4,181,787
Investment Income	265,584	218,514
Other Income (note 5)	55,531	-
	6,052,326	5,998,701
Expenditures:		
Grants and programs:		
Grants to Organizations	3,697,300	3,422,692
Arts Exposure Program, net of recoveries	373,897	328,608
Creative Arts Program	1,028,617	895,386
Student Aid Program	69,600	55,200
Touring Program	288,939	263,373
Arts Development Program	453,244	538,878
Total grants and programs	5,911,597	5,504,137
Administrative, Schedule 1	796,465	725,150
Total expenditures	6,708,062	6,229,287
Rescinded grant commitments	(97,411)	(76,077)
Net expenditures	6,610,651	6,153,210
Excess of expenditures over revenue for the year	(558,325)	(154,509)
Balance at beginning of year	1,603,004	1,757,513
Balance at end of year, Exhibit A	$1,044,679	$1,603,004

EXHIBIT C

MANITOBA ARTS COUNCIL

Manitoba Artists' Bank Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Investment income	$ 61,994	$ 66,049
Other	5,407	1,360
	67,401	67,409
Expenditures:		
Acquisitions of works of art	45,791	36,702
Acquisitions of musical instruments	65,760	-
Administrative expenditures	32,184	13,367
	143,735	50,069
Excess of revenue over expenditures (expenditures over revenue) for the year	(76,334)	17,340
Balance at beginning of year	852,055	834,715
Balance at end of year, Exhibit A	$775,721	$852,055

Exhibit D Exhibit D

MANITOBA ARTS COUNCIL

Jack Hassard Memorial Trust Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Investment income	$ 250	$ 250
Expenditures:		
Award	250	250
Excess of revenues over expenditures for the year	-	-
Balance at beginning of year	2,500	2,500
Balance at end of the year, Exhibit A	$2,500	$2,500

EXHIBIT E

MANITOBA ARTS COUNCIL

Manitoba Arts Gaming Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
The Manitoba Lotteries Foundation -		
Casino Proceeds	$ 152,183	$ 197,127
Gaming Fund Proceeds (note 8)	1,108,212	1,041,736
Investment Income	76,586	62,088
	1,336,981	1,300,951
Expenditures:		
Grants and programs:		
Distributions to Organizations	1,265,685	1,453,919
Direct and allocated costs (note 6)	48,496	63,009
Total Expenditures	1,314,181	1,516,928
Rescinded commitments	(9,806)	0
Net expenditures	1,304,375	1,516,928
Excess of revenue over expenditures (expenditures over revenue) for the year	32,606	(215,977)
Balance at beginning of year	172,147	388,124
Balance at end of year, Exhibit A	$ 204,753	$ 172,147

Schedule 1

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Schedule of Administrative Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Advertising	$ 5,885	$ 4,085
Bank charges	36	131
Consultant fees	38,693	43,342
Council - remuneration	15,951	18,876
- expenses	20,763	22,619
Equipment and art rentals	2,545	1,629
Furniture and equipment	36,050	21,681
Health and Post Secondary Education Tax Levy	8,666	10,822
Insurance	334	558
Memberships and subscriptions	3,062	2,850
Office maintenance	3,960	2,322
Office renovations	16,997	2,724
Office rent	57,193	52,355
Office supplies	11,857	8,190
Postage and courier	15,423	3,819
Printing and stationery	25,376	20,473
Professional fees	7,494	5,890
Salaries and benefits	517,112	485,633
Staff development	7,734	4,299
Staff travel and meetings expense	9,703	9,507
Sundry	1,200	773
Systems development	1,700	12,871
Telephone	15,963	17,474
Total administrative expenditures	823,697	752,923
Less: overhead recovery from the Manitoba Arts Gaming Fund (note 6)	(27,232)	(27,773)
Net administrative expenditures, Exhibit B	$796,465	$725,150

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1989

1. Nature of Operations

The Arts Council Act established the Manitoba Arts Council for the purpose of promoting the study, enjoyment, production and performance of works in the arts.

2. Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles with the exception of points a, b and c below. Grants and programs costs are reflected as expenditures in the accounts when funding is formally approved and committed by Council. The rescinded commitments in the financial statements reflect cancellations of expenditures of the previous years.

a) The Council follows the fund basis of accounting.

b) Gaming revenues are recorded on a cash basis.

c) Fixed assets are charged to expenditures in the year of acquisition.

3. Basis of Accounting

The Council records financial transactions on the fund accounting basis as follows:

a) Grants and Programs Fund

The Grants and Program Fund includes transactions related to the disbursement and administration of grants to organizations and individuals whose purposes are similar to those of the Council as provided in the Arts Council Act.

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1989

b) Manitoba Artists' Bank Fund

The Manitoba Artists' Bank Fund was established for the following purposes:

i) To acquire works of art from Manitoba artists for rent to provincial government departments and crown corporations and agencies;

ii) To acquire musical instruments for loan to deserving artists.

Assets acquired through the Manitoba Artists' Bank Fund are reflected as expenditures on the Statement of Revenue, Expenditure and Fund Balance. The total of these acquisitions are shown on the Balance Sheet as assets, at cost, with an offsetting credit to Investment in works of art and musical instruments.

c) Jack Hassard Memorial Trust Fund

In March 1980, the Manitoba Arts Council designated $2,500 to be known as The Jack Hassard Memorial Trust Fund. Annually, an amount representing interest income is awarded to the Portage La Prairie and District Arts Council for its Jack Hassard scholarship.

d) Manitoba Arts Gaming Fund

The Manitoba Arts Gaming Fund reflects activity of the Gaming Fund Commission. The Commission is responsible for recommending to the Council awards to Manitoba arts groups. This fund accounts for a share of funds received under the terms of an agreement with the Manitoba Lotteries Foundation for the purpose of distributing a share of gaming revenues to Manitoba arts groups.

4. Investments

	1989	1988
Annuity, London Life Insurance Company, maturing January 15, 1992 providing yearly payments of $95,100.	$ 236,227	$ 301,026
The Winnipeg Foundation Consolidated Trust Fund (Market $356,325; 1988 - $344,558)	350,000	350,000
Total Exhibit A	$ 586,227	$ 651,026

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1989

5. Other Income

This represents repayment to the Manitoba Arts Council of funds restituted to Rainbow Stage Inc. The amount is proportional to the income Council provided to the theatre company from 1985 to 1987.

6. Overhead Recovery

Direct costs associated with the Manitoba Arts Gaming Fund are charged to it on Exhibit E in the amount of $21,264 (1988 - $35,236). In addition, an administrative charge, calculated at 2% of the funds allocated to the Manitoba Arts Gaming Fund by the Manitoba Lotteries Foundation, is collected. In 1989 this charge amounted to $27,232 (1988 - $27,773).

7. Commitments and Contingencies

a) Lease Commitment

Council has entered into a lease agreement for office premises until March 2, 1992. The basic annual rent is $62,609 exclusive of an escalation clause for specific items.

b) Long-Term Commitment

In the 1984 fiscal year, the Winnipeg Symphony Orchestra Inc. arranged deficit financing by way of a loan of $150,000 from private sources. In the same year, Council agreed to provide funding of $15,000 per year for the next ten years to the Symphony for repayment of this loan. The balance outstanding on this guarantee is $75,000 (1988 - $90,000). Funding to Council to this extent has been guaranteed by the Province of Manitoba.

c) Manitoba Artists' Bank Fund

Under the Visual Art Bank component of this Fund, Council has approved the acquisition of works of art totalling $39,215. In addition, under the Instrument Bank component, Council has approved the acquisition of musical instruments totalling $30,000.

8. Manitoba Arts Gaming Fund

Revenues and expenditures of the Manitoba Arts Gaming Fund do not reflect the results of bingo events administered by the Manitoba Lotteries Foundation. Net proceeds from bingo events are distributed directly to charitable arts organizations by the Manitoba Lotteries Foundation. During the year ended March 31, 1989, the Manitoba Lotteries Foundation distributed net proceeds from bingo events in the amount of $101,210 (1988 - $155,067) to charitable arts organizations.

9. Comparative Figures

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation for March 31, 1989.

Manitoba

THE MANITOBA BEEF COMMISSION
REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D, E and F, of The Manitoba Beef Commission for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

October 13, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA BEEF COMMISSION

Balance Sheet
as at March 31, 1989

ASSETS

	1989	1988
Current assets:		
Funds on deposit with the Minister of Finance and in bank	$ 2,061,291	$ 1,909,689
Term deposit with the Minister of Finance	500,000	2,000,000
Accounts receivable:		
Packers and auction marts	168,416	348,816
Producers, less allowance for doubtful accounts (Note 3)	198,054	325,413
Inventory	11,119	45,384
	$ 2,938,880	$ 4,629,302

LIABILITIES AND FUND ACCOUNT BALANCES

	1989	1988
Current liabilities:		
Accounts payable:		
Producers	$ 265,867	$ 605,720
Producer account credit balances (Note 5)	401,788	-
Government of the Province of Manitoba	29,564	114,886
Trade accounts	101,917	75,866
	799,136	796,472
Advance from the Government of the Province of Manitoba (Note 4)	18,000,000	23,500,000
	18,799,136	24,296,472
Fund account balances:		
Stabilization Fund Account (deficit), Exhibit C	(16,167,399)	(19,983,694)
Administration Fund Account, Exhibit E	307,143	316,524
	(15,860,256)	(19,667,170)
	$ 2,938,880	$ 4,629,302

EXHIBIT B

THE MANITOBA BEEF COMMISSION

Producer Fund Account
Statement of Operations
for the year ended March 31, 1989

	Finished Cattle	Unfinished Cattle	1989 Total	Finished Cattle	Unfinished Cattle	1988 Total
Revenue:						
Proceeds on sale of cattle	$ 24,054,820	$ 40,571,231	$ 64,626,051	$ 35,912,826	$ 61,515,757	$ 97,428,583
Packer, auction mart, insurance claims and miscellaneous	9,032	5,186	14,218	13,874	3,080	16,954
Net pool adjustments from Administration Fund Account, Exhibit E	680	71	751	1,988	4	1,992
Total revenue	$ 24,064,532	$ 40,576,488	$ 64,641,020	$ 35,928,688	$ 61,518,841	$ 97,447,529
Distribution:						
Assessments:						
Producer premiums, Exhibit C	$ 1,239,983	$ 2,066,230	$ 3,306,213	$ 2,453,964	$ 2,753,400	$ 5,207,364
Marketing fees, Exhibit E	83,322	-	83,322	182,361	-	182,361
	1,323,305	2,066,230	3,389,535	2,636,325	2,753,400	5,389,725
Direct charges:						
Assembly fees, etc.	2,613	-	2,613	19,397	-	19,397
Freight	11,242	-	11,242	13,354	206	13,560
Insurance	1,585	3,816	5,401	453	5,035	5,488
Dues paid on behalf of producers - M.C.P.A.	863	1,152	2,015	53	75	128
	16,303	4,968	21,271	33,257	5,316	38,573
Producer settlements	22,724,924	38,505,290	61,230,214	33,259,106	58,760,125	92,019,231
Total distribution	$ 24,064,532	$ 40,576,488	$ 64,641,020	$ 35,928,688	$ 61,518,841	$ 97,447,529

EXHIBIT C

THE MANITOBA BEEF COMMISSION

Stabilization Fund Account
Statement of Revenue and Expenditure and Deficit
for the year ended March 31, 1989

	1989	1988
Revenue:		
Producer premiums:		
Producer Fund Account, Exhibit B	$ 3,306,213	$ 5,207,364
Direct from producers	68,201	196,070
	3,374,414	5,403,434
Loan forgiveness contribution (Note 7)	208,797	466,447
Provincial premium contributions	1,317,319	1,705,647
Recovery of stabilization payments (Note 5)	625,540	560,034
Total revenue	5,526,070	8,135,562
Expenditure:		
Stabilization payments	914,096	73,644
Bad debt expense	393,891	14,382
Producer account credit balances (Note 5)	401,788	-
Total expenditure	1,709,775	88,026
Excess of Revenue over Expenditure	3,816,295	8,047,536
Deficit, beginning of year	19,983,694	28,031,230
Deficit, end of year, Exhibit A	$ 16,167,399	$ 19,983,694

EXHIBIT D

THE MANITOBA BEEF COMMISSION

Productivity Enhancement Grant Fund Account
Statement of Operations
for the year ended March 31, 1989

	1989	1988
Recoveries of grants from producers	$ 65,608	$ 46,900
Less: Bad debt expense	40,361	7,370
	$ 25,247	$ 39,530
Distribution:		
Government of the Province of Manitoba	$ 25,247	$ 39,530

EXHIBIT E

THE MANITOBA BEEF COMMISSION

Administration Fund Account
Statement of Revenue and Expenditure and Fund Account Balance
for the year ended March 31, 1989

	1989	1988
Revenue:		
Grant - Government of the Province of Manitoba	$ 421,000	$ 294,000
Interest	301,200	301,382
Marketing fees, Exhibit B	83,322	182,361
Producer penalty	5,431	12,500
Producer interest	97,786	55,504
Recovery of provincial premium contributions on cancellation of producers' contract (Note 6)	164,480	227,465
Total Revenue	1,073,219	1,073,212
Expenditure:		
Advertising and promotion	10,544	13,054
Audit	22,820	23,660
Bad debt expense - Producer interest	155,630	-
Bank charges	6,207	8,569
Computer services and equipment	151,254	177,652
Directors' fees and expenses	49,960	38,014
Delivery	8,141	7,699
Dues and subscriptions	212	372
Furniture and fixtures	55	-
Hall rentals	1,243	872
Health and post-secondary education tax levy	11,372	11,592
Fieldmen expenses	17,265	38,700
Inventory write-down	30,000	-
Legal Fees	8,304	500
Miscellaneous	4,533	(742)
Net pool adjustments to Producer Fund Account, Exhibit B	751	1,992
Postage & telephone	44,879	15,898
Printing and stationery	19,346	17,841
Purchase trading, Exhibit F (Note 8)	3,211	1,330
Rentals	-	450
Repairs and maintenance	217	254
Salaries and employee benefits	520,825	539,950
Travel	15,831	18,865
Total Expenditure	1,082,600	916,522
Excess of Revenue over Expenditure	(9,381)	156,690
Balance, beginning of year	316,524	159,834
Balance, end of year, Exhibit A	$ 307,143	$ 316,524

EXHIBIT F

THE MANITOBA BEEF COMMISSION

Statement of Purchase Trading Revenue and Expenditure for the year ended March 31, 1989

	1989	1988
Revenue:		
Proceeds on sale of cattle	$ 1,183,708	$ 60,395
Packer, insurance claims	1,948	-
Total revenue	1,185,656	60,395
Direct Expenditure:		
Cattle purchases	1,149,391	58,818
Freight	23,410	2,590
Yardage, feed and commission	10,437	147
Insurance and grading	1,140	170
Brokerage	4,489	-
Total direct expenditures	1,188,867	61,725
Excess of direct expenditure over revenue, Exhibit E (Note 8)	$ 3,211	$ 1,330

THE MANITOBA BEEF COMMISSION

Notes to Financial Statements
for the year ended March 31, 1989

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1. Status of the Commission

The Manitoba Beef Commission was established on September 1, 1982 by regulation under the Natural Products Marketing Act, to administer regulations respecting the marketing of beef.

The Commission has administrative responsibility for the following:

a) The Manitoba Beef Marketing Plan was established September 1, 1982 by regulation under the Natural Products Marketing Act. The purpose of this Plan is to maximize the return to the producers in the marketing of beef.

b) The Manitoba Beef Stabilization Plan was established September 1, 1982 by regulation under the Farm Income Assurance Plans Act. The purpose of this Plan is to improve the income stability of participating beef producers. There was also support for a limited period through payment of a special Productivity Enhancement Grant to producers joining the Plan. In accordance with the regulations, separate accounts were established for these operations.

The Producer Fund Account was established on March 1, 1983 to account for the sales of finished and unfinished cattle marketed under the Manitoba Beef Marketing Plan.

The Stabilization Fund Account was established effective September 1, 1982 for operation of the Manitoba Beef Stabilization Plan. It accounts for the collection of premiums from producers enrolled in the Manitoba Beef Marketing Plan, and from the Province and the stabilization payments to producers.

The Productivity Enhancement Grant Fund Account was established to account for payment of a Productivity Enhancement Grant to each producer joining the Manitoba Beef Marketing Plan up to January 21, 1983.

The Administration Fund Account was established to account for the Commission's administrative, marketing and purchase trading operations.

In February, 1989, the National Tripartite Price Stabilization Program for Feeder Calves, Feeder Cattle and Slaughter Cattle was signed by Canada as represented by the Minister of Agriculture for Canada, and by the Province of Manitoba as represented by the Minister of Agriculture for Manitoba. The Manitoba Beef Stabilization Plan was then terminated on June 30, 1989. It is intended that the balance of the Beef Commission's operations will be discontinued by March 31, 1990. Any additional activities after that date, to collect outstanding accounts receivable or to market cattle will be accounted for as part of the operations of the Department of Agriculture.

2. Significant accounting policies

a) The financial statements have been prepared on an accrual basis of accounting except for capital acquisitions which are being charged to operations at cost in the year acquired.

b) The Commission maintains separate divisions in its accounts for the activities of the Producer Fund Account, Stabilization Fund Account, Productivity Enhancement Grant Fund Account and the Administration Fund Account. The assets and liabilities of all of the fund accounts are combined on the balance sheet. The Producer Fund Account and the Productivity Enhancement Grant Fund Account by their nature have nil balances at year end.

c) The Government of the Province of Manitoba provides for the interest on the advances to the Commission (Note 4); for office space at an approximate annual cost of $68,000; and for certain administrative and field representative services, at no cost to the Commission. The value of these benefits to the Commission is not reflected in the financial statements.

3. Accounts receivable - producers

The accounts receivable from producers consists of:

	1989	1988
Stabilization payments recoverable	$ 979,854	$ 546,578
Productivity enhancement grants	344,646	329,570
Premiums	70,681	77,054
Interest	141,768	54,209
Other	16,249	17,179
	1,553,198	1,024,590
Less: Allowance for doubtful accounts	1,355,144	699,177
	$ 198,054	$ 325,413

THE MANITOBA BEEF COMMISSION

Notes to Financial Statements
for the year ended March 31, 1989

4. Advance from the Government of the Province of Manitoba

The Government of the Province of Manitoba authorized repayable advances to the Commission of up to $41,600,000 for the purpose of funding the deficit of the Stabilization Fund Account when revenues are not sufficient to pay the producers' stabilization payments under the Manitoba Beef Stabilization Plan. At March 31, 1989 the amount advanced to the Commission was $18,000,000 (1988 - $23,500,000), of which the Commission had drawn $16,297,720 (1988 - $20,662,293) with the balance of $1,702,280 (1988 - $2,837,707) maintained on deposit with the Minister of Finance in a trust account.

Interest charged on the advances by the Department of Finance is paid from an appropriation of the Department of Agriculture in the amount of $2,018,958 in 1989 (1988 - $2,677,364).

5. Termination of contract

Producers may terminate their contracts with the Commission at any time. Depending upon the balance of the individual producer account, represented by the producer premiums and stabilization payments, termination by a producer before eight full years will result in a partial return of premiums paid or a partial recovery of stabilization deficiency payments.

With the introduction of the new tripartite price stabilization program (Note 1.b) the decision was made to recognize the liability for credit balances in the producer accounts, since these liabilities would have to be paid out over the final year's operations. Producer credit balances in the amount of $401,788 are included in the expenditures of the Stabilization Fund Account for the year ended March 31, 1989. The total liability for credit balances in producer accounts is shown as a current liability on the Commission's March 31, 1989 balance sheet. Previously these credit balances were netted against the accumulated deficit of the Stabilization Fund Account.

6. Recovery of provincial premium contributions

The provincial premium contribution portion of the stabilization payments recovered from producers is transferred to the Administration Fund Account. For the year ended March 31, 1989 the recovery of the provincial premium contributions transferred to the Administration Fund Account was $164,480 (1988 - $227,465), which represented a recoverable amount of $208,745 (1988 - $232,372) less bad debt expense of $44,265 (1988 - $4,907).

THE MANITOBA BEEF COMMISSION

Notes to Financial Statements
for the year ended March 31, 1989

7. Recovery of loan forgiveness

The Government of the Province of Manitoba funds the earned forgiveness portion of the deficit balances of terminated producer contracts. For the year ended March 31, 1989 the forgiveness portion received from the Province was $208,797 (1988 - $466,447) which represented the earned forgiveness for the period April 1, 1988 - March 31, 1989.

8. Purchase trading

During the year ended March 31, 1989, the Commission purchased cattle from its clients and subsequently sold these animals out of the Province. Direct expenditures on these transactions have been reflected in the Statement of Purchase Trading Revenue and Expenditure, Exhibit F. Indirect expenditures related to this program are included in Exhibit E.

Janzen, Knowles & Warkentin
Chartered Accountants

AUDITORS' REPORT

To the Board of Commissioners
Manitoba Boxing and Wrestling Commission
Winnipeg, Manitoba

We have examined the balance sheet of Manitoba Boxing and Wrestling Commission as at March 31, 1989 and the statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

Winnipeg, Canada
June 6, 1989

MANITOBA BOXING AND WRESTLING COMMISSION
BALANCE SHEET
As at March 31, 1989

	1989	1988
ASSETS		
Current Assets		
Cash on hand	$ 20	$ 25
Cash in bank - chequing	29	2,751
- savings	7,048	6,708
Cash investments - Note 2	73,843	82,574
Accounts receivable	-	1,174
Accrued interest receivable	1,009	364
Prepaid expenses	225	225
Total Current Assets	$ 82,174	$ 93,821

	1989	1988
LIABILITIES AND SURPLUS		
Current Liabilities		
Accounts payable	$ 6,712	$ 2,516
Performance bond deposits - Note 3	7,048	6,708
Total Current Liabilities	13,760	9,224
Surplus	68,414	84,597
	$ 82,174	$ 93,821

Approved on behalf of the Board:

Chairman

MANITOBA BOXING AND WRESTLING COMMISSION
STATEMENT OF INCOME AND SURPLUS
For the year ended March 31, 1989

	1989	1988
Revenue		
Commissions, licenses, permits and passports	$ 16,059	$ 17,424
Interest income	5,315	6,025
	21,374	23,449
Operating expenses		
Secretarial services	10,415	9,877
Conferences and meetings	16,599	5,017
Honararia	3,600	4,050
Grants and donations	-	1,575
Dues, fees and subscriptions	525	1,571
Audit and legal	4,982	1,379
Supplies	-	624
Public relations	100	450
Miscellaneous	682	263
Office	510	246
Bank charges	144	182
	37,557	25,234
Net income (loss) for the year	(16,183)	(1,785)
Surplus, beginning of year	84,597	86,382
Surplus, end of year	$ 68,414	$ 84,597

MANITOBA BOXING AND WRESTLING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1989

1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

2. Cash Investments

	1989	1988
Term Deposits		
First City Trust, 7%, Term - March 30 to April 29, 1988	$ -	$ 33,759
North West Trust, 7.50%, Term - February 25 to April 24, 1988	-	48,815
Bank of Montreal, Guaranteed Investment Certificate, 10.75%, due January 23, 1990	50,000	-
Bank of Montreal, Deposit Receipt, 8.50%, March 27, 1989 to April 26, 1989	23,843	-
	$ 73,843	$ 82,574

3. Performance Bond Deposits

Performance bonds are deposited in an interest-bearing savings account. Interest earned is remitted to the promoter upon refund of the deposit.

4. Comparative Figures

Comparative figures included in these financial statements are based upon financial statements reported on by the Commission's previous auditors. Our opinion, expressed in the Auditors' Report, does not extend to the comparative figures.

Manitoba

THE MANITOBA CENTENNIAL CENTRE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C and Schedules 1 to 5, of The Manitoba Centennial Centre Corporation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Centennial Centre Corporation as at March 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 14, 1989,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Balance Sheet

as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Cash	$ 89,932	$ 74,872
Term deposits - Province of Manitoba (Note 4)	453,266	469,602
Accounts receivable	72,659	66,776
Capital grant, Province of Manitoba, Schedule 5 (Note 5)	40,257	62,479
Inventory of supplies, at cost	23,355	26,498
Prepaid expenses	29,142	31,167
	$708,611	$731,394
LIABILITIES		
Accounts payable and accrued liabilities	$312,980	$317,542
Deferred income	1,158	886
Deposits on rentals	7,100	7,506
	321,238	325,934
Trust accounts:		
The Maitland Steinkopf Youth Fund, Schedule 2	56,869	56,508
The Manitoba Centennial Citizens' Campaign, Schedule 3	17,379	17,573
The Manitoba Centennial Foundation of the Future, Schedule 4 (Note 6)	18,354	16,692
	92,602	90,773
Reserve for Deductible Costs on Insurance Claims (Note 7)	15,000	15,000
Funds Retained for Working Capital and Future Operations, Exhibit B	279,771	299,687
	$708,611	$731,394

Exhibit B

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Revenues and Expenditures and Retained Funds

for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Rentals:		
Concert Hall	$ 417,268	$ 386,977
Office space	47,176	44,705
Restaurant facilities	64,588	67,851
Bar sales	194,646	218,947
Parking fees	393,827	362,351
Checkroom fees	18,943	9,277
Concession revenue	14,562	13,806
Investment income	42,422	23,779
Miscellaneous income	2,010	3,190
	1,195,442	1,130,883
Province of Manitoba grant	1,365,000	1,325,200
Recovery of expenditures:		
Museum of Man and Nature (Note 8)	897,552	871,404
Others	113,632	91,562
	1,011,184	962,966
Total revenues, grants and recoveries	3,571,626	3,419,049
Expenditures, Schedule 1:		
Administration and general	455,490	437,605
Bar operations	138,472	149,070
Concert Hall front of house (Note 9)	144,986	135,222
Building services and maintenance	2,023,032	1,901,556
Parking service	202,352	195,976
Security service	401,005	392,622
Stage operations	218,939	237,822
	3,584,276	3,449,873
Net capital projects, Schedule 5 (Note 3)	7,266	5,179
Total expenditures	3,591,542	3,455,052
Revenues under expenditures for the fiscal year	(19,916)	(36,003)
Funds Retained for Working Capital and Future Operations, beginning of year	299,687	335,690
Funds Retained for Working Capital and Future Operations, end of year, Exhibit A	$ 279,771	$ 299,687

Exhibit C

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Cash Position

for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Operations:		
Revenues under expenditures for the fiscal year	$(19,916)	$(36,003)
Change in operating net assets	16,811	23,686
Cash used by operations	(3,105)	(12,317)
Trust accounts activities:		
The Maitland Steinkopf Youth Fund	361	(2,423)
The Manitoba Centennial Citizens' Campaign	(194)	1,123
The Manitoba Centennial Foundation for the Future	1,662	1,520
Increase in cash restricted to use in trust activities	1,829	220
Decrease in cash and term deposits	(1,276)	(12,097)
Cash and term deposits, beginning of year	544,474	556,571
Cash and term deposits, end of year	$543,198	$544,474
Represented by:		
Cash	$ 89,932	$ 74,872
Term deposits	453,266	469,602
	$543,198	$544,474

Schedule 1

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule of Expenditures

for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Administration and general:		
Salaries and employee benefits	$ 331,667	$ 312,001
Insurance	27,820	33,445
Telephone	18,916	16,589
Printing and stationery	8,582	9,889
Audit and legal fees	8,270	7,240
Other	14,990	13,141
Health and Post Secondary Education tax levy	45,245	45,300
	455,490	437,605
Bar operations:		
Salaries and employee benefits	49,425	48,178
Cost of beverages sold	79,452	87,030
Other	9,595	13,862
	138,472	149,070
Concert Hall front of house (Note 9)		
Salaries and employee benefits	99,702	95,933
Transportation allowances and other	45,284	39,289
	144,986	135,222
Building services and maintenance:		
Salaries and employee benefits	1,067,065	1,050,461
Light, power and water	363,787	336,195
Heat	321,056	290,279
Repairs, maintenance and supplies	157,242	138,388
Minor capital expenditures	38,233	21,146
Other	75,649	65,087
	2,023,032	1,901,556
Parking services:		
Salaries and employee benefits	97,323	96,825
Agency fees and expenditures	100,853	93,427
Other	4,176	5,724
	202,352	195,976
Security services:		
Salaries and employee benefits	395,715	386,051
Other	5,290	6,571
	401,005	392,622
Stage operations:		
Salaries and employee benefits	197,276	214,151
Repairs, supplies and equipment	21,663	23,671
	218,939	237,822
Total expenditures, Exhibit B	$3,584,276	$3,449,873

Schedule 2

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Maitland Steinkopf Youth Fund Trust Account

Summary of Transactions
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Investment income	$ 5,502	$ 4,880
Expenditures:		
Greater Winnipeg Schools' Orchestras	1,485	1,619
Mennonite Childrens' Choir	-	720
Red River Exhibition International Band Committee	720	720
Winnipeg Music Competition Festival Inc.	2,436	1,554
Winnipeg Area Girl Guides of Canada	500	940
Winnipeg Symphony Orchestra	-	1,750
	5,141	7,303
Revenues over (under) expenditures for the fiscal year	361	(2,423)
Balance, beginning of year	56,508	58,931
Balance, end of year, Exhibit A	$ 56,869	$ 56,508
Represented by:		
Amount in term deposit	$ 59,305	$ 58,937
Less - Amount payable	2,436	2,429
	$ 56,869	$ 56,508

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Manitoba Centennial Citizens' Campaign Trust Account

Summary of Transactions
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Collections on pledges:		
Campaign '70	$ 1,000	$ 550
Investment income	1,721	1,400
	2,721	1,950
Expenditures:		
Administration costs	855	827
Doll display - glass replacement	2,060	-
	2,915	827
Revenues over (under) expenditures for the fiscal year	(194)	1,123
Balance, beginning of year	17,573	16,450
Balance, end of year, Exhibit A	$ 17,379	$ 17,573
Represented by:		
Cash	$ (1,022)	$ 97
Amount in term deposits	18,401	17,476
	$ 17,379	$ 17,573

Schedule 4

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Manitoba Centennial Foundation of the Future Trust Account

Summary of Transactions
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Investment income	$ 1,662	$ 1,520
Balance, beginning of year	16,692	15,172
Balance, end of year, Exhibit A (Note 6)	$ 18,354	$ 16,692
Represented by:		
Amount in term deposit	$ 18,354	$ 16,692

Schedule 5

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Capital Projects

for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Capital projects:		
Heating plant facility	$ 7,266	-
Lighting system - Concert Hall	40,257	60,420
Parkade garage doors	-	13,770
Roof repairs	-	14,258
Stage area ventilation revisions	-	42,421
Sound system - Concert Hall	-	60,270
Systems improvements feasibility study - Museum	-	14,040
	47,523	205,179
Less:		
Capital grants - Province of Manitoba:		
Received during the year	-	137,521
Recoverable, Exhibit A (Note 5)	40,257	62,479
Total capital grants	40,257	200,000
Net capital projects, Exhibit B (Note 3)	$ 7,266	$ 5,179

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1989

1. Nature of the Corporation's Operations

The Centennial Centre Corporation was established in 1968 for the development and management of the permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aims and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts.

2. Properties of the Centre

The accounts of the Corporation do not reflect the cost or values of the properties acquired by the Crown for the Centre. However, the buildings and contents are valued for insurance purposes at $52,550,000. The value of the land associated with the various buildings and surface properties would be added to determine total property values for the arts centre. The properties are made available for the purposes of the Corporation at no direct charge by Government.

3. Accounting Policies

The Corporation's financial statements have been prepared using the accrual basis of accounting except for capital acquisitions and pension payments.

Capital projects and other major expenditures are recognized as operating expenditures in the current year except to the extent of funding by capital grants from the Province of Manitoba as reflected separately on Schedule 5.

Pension payments are recognized as operating expenditures only as payments are made under provisions of The Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. A provision has not been made in the accounts of the Corporation to fund current or past service obligations to the Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $2,016,900 as at December 31, 1988 (1987 - $1,772,100).

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1989

4. Funds invested with the Province of Manitoba in term deposits as at March 31, 1989 including accrued interest, are as follows:

	Term Deposits	Accrued Interest	Total
Certificates maturing in 90 days			
Operating Funds	$355,000	$ 2,206	$357,206
Maitland Steinkopf Youth Fund	58,110	1,195	59,305
Manitoba Centennial Citizens' Campaign	18,156	245	18,401
Five Year Certificate maturing December 31, 1990			
Manitoba Centennial Foundation of the Future	17,923	431	18,354
Total	$449,189	$ 4,077	$453,266

5. The Corporation has contracted for the replacement of its stage lighting control system at a total cost of $111,000. To March 31, 1989 the Corporation expended $40,257 with the balance to be expended as the project is completed in 1989/90. The cost of the capital project, to a maximum of $100,000, is recoverable from the Province of Manitoba.

6. In 1969, the Manitoba Centennial Corporation established the "Foundation of the Future". The Board of Directors of the Foundation is to be composed of children born on six special dates in 1970, Manitoba's centennial year. The terms of the Foundation's establishment provide that the Board of Directors is to meet on July 15 in the year 2000 when the use of the fund is to be determined. The amount of original trust was established at $3,050. Based on five year deposit rates with the Province, the trust has increased to $18,354 at March 31, 1989.

7. The insurance program of the Corporation contains a deductible clause requiring the Corporation to pay the first $5,000 on any one claim with a maximum of $15,000 in any one year. The Corporation has set aside a reserve of $15,000 and, as long as the conditions of the insurance coverage are unchanged, it will be maintained at this level.

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1989

8. Operating and maintenance costs include the provision of service to the Centennial Centre as a whole including the Museum of Man and Nature and other organizations located within the Centre. Annual payments from the Museum of Man and Nature for operating costs are set by the Province. The amount set for 1988/89 was $897,552 (1987/88 - $871,404) and the estimated cost of services provided was $1,148,300 (1987/88 - $1,085,500).

9. Expenditures designated as "Concert Hall front of house" consist of checkroom, usherette and doorman services.

Manitoba

MANITOBA CROP INSURANCE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of the Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

June 16, 1989,
Winnipeg, Manitoba.

MANITOBA CROP INSURANCE CORPORATION

Balance Sheet
As at March 31, 1989

ASSETS

	1989	1988
Cash on deposit with the Minister of Finance and in bank	$ 4,043,107	$ 4,547,192
Term deposits with the Minister of Finance (Note 3)	6,700,000	4,000,000
Accrued interest on term deposits	83,048	31,089
Premiums receivable, net of allowance for doubtful accounts of $702,501 (1988 - $714,515):		
Due from insured persons	460,190	993,888
Accrued interest	61,222	60,736
Amount receivable from Reinsurance Fund of Manitoba (Note 4)	30,914,342	884,855
Amount receivable from Reinsurance Fund of Canada for Manitoba (Note 4)	63,045,639	-
Accounts receivable - Government of the Province of Manitoba	3,188	1,177
Accounts receivable - other	1,789	2,090
Prepaid expenses	23,215	14,254
	$105,335,740	$ 10,535,281

EXHIBIT A

LIABILITIES AND RESERVES

	1989	1988
Reinsurance premiums payable (Note 4):		
Government of Canada	$ 218,609	$ 194,012
Government of the Province of Manitoba	437,218	388,023
Advance from the Government of the Province of Manitoba (Note 6)	95,300,000	4,000,000
Indemnities payable	1,370,454	343,526
Other account and program payables	332,264	240,990
Premiums collected in advance	563,780	232,545
	98,222,325	5,399,096
Reserves for the Payment of Indemnities:		
General Crop Insurance, Exhibit B	-	-
Hail Insurance, Exhibit C	7,113,415	5,136,185
	$105,335,740	$ 10,535,281

EXHIBIT B

MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities for the year ended March 31, 1989

	1989	1988
Revenue:		
Premiums:		
Insured persons	$ 20,366,686	$ 17,821,083
Government of Canada (Note 2(B))	20,668,088	19,367,009
	41,034,774	37,188,092
Filing fee	2,261	2,630
Administrative expenses recovered from the Government of the Province of Manitoba Schedule 1 (Note 2(C))	5,551,738	4,318,202
Interest on cash balances and outstanding premiums	108,885	209,070
Total revenue	46,697,658	41,717,994
Expenditure:		
Administrative expenses, Schedule 1 (Note 2(C))	5,551,738	4,318,202
Reinsurance premiums (Note 4):		
Government of Canada	3,100,213	2,904,992
Government of the Province of Manitoba	6,200,545	5,809,984
Discounts	11,135	14,772
Indemnities	125,728,793	29,414,229
Bad debts	65,215	140,670
Total expenditure	140,657,639	42,602,849
Revenue under expenditure	93,959,981	884,855
Reserve for the payment of indemnities:		
Beginning of year	-	-
Recoverable from Reinsurance Fund of Manitoba, (Note 4)	30,914,342	884,855
Recoverable from Reinsurance Fund of Canada for Manitoba (Note 4)	63,045,639	-
End of year, Exhibit A	$ -	$ -

EXHIBIT C

MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Revenue, Expenditure and
Reserve for the Payment of Indemnities
for the year ended March 31, 1989

	1989	1988
Revenue:		
Premiums charged to insured persons at established rates	$ 5,866,182	$ 6,645,530
Interest on funds invested with the Minister of Finance and outstanding premiums	720,885	366,288
Total revenue	6,587,067	7,011,818
Expenditure:		
Administrative expenses, Schedule 2 (Note 2(C))	870,177	837,653
Indemnities	3,738,553	2,822,271
Bad debts	1,107	42,022
Total expenditure	4,609,837	3,701,946
Revenue over expenditure	1,977,230	3,309,872
Reserve for the Payment of Indemnities:		
Beginning of year	5,136,185	1,826,313
End of year, Exhibit A	$ 7,113,415	$ 5,136,185

SCHEDULE 1

MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Administrative Expenses
for the year ended March 31, 1989

	1989	1988
Adjusters' wages and expenses	$ 2,301,619	$ 1,197,548
Administration and field in-service training	20,756	36,991
Advertising	53,726	25,642
Appeal tribunal	2,982	6,418
Audit fee	19,373	22,792
Computer equipment, rental and usage	113,228	177,331
Directors' remuneration and expenses	20,773	21,374
District offices' rentals and miscellaneous	72,102	52,351
Employee benefits	182,670	145,376
Employer share of pensions (Note 2(D))	65,599	59,562
Furniture and equipment purchases (Note 2(E))	41,265	122,892
Health and Post Secondary Education Tax Levy	77,373	62,352
Legal fees	18,594	25,797
Miscellaneous	35,905	32,926
Office equipment rentals	11,836	10,880
Postage	26,815	26,664
Printing, stationery and office supplies	142,756	117,821
Salaries	2,084,388	1,948,788
Special studies	600	1,957
Telephone	65,888	45,910
Travel	146,530	145,789
Workers' compensation	46,960	31,041
Total administrative expenses, Exhibit B	$ 5,551,738	$ 4,318,202

SCHEDULE 2

MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Administrative Expenses
for the year ended March 31, 1989

	1989	1988
Adjusters' wages and expenses	$ 92,037	$ 110,539
Administration and field in-service training	5,189	9,248
Advertising	11,379	7,184
Appeal tribunal	745	1,605
Audit fee	4,843	2,533
Computer equipment, rental and usage	28,307	44,333
Directors' remuneration and expenses	5,193	5,344
District offices' rentals and miscellaneous	14,024	13,027
Employee benefits	45,668	36,344
Employer share of pensions (Note 2(D))	16,400	14,890
Furniture and equipment purchases (Note 2(E))	964	1,697
Health and Post Secondary Education Tax Levy	19,343	15,588
Legal fees	4,178	4,102
Miscellaneous	8,976	8,231
Office equipment rentals	2,959	2,720
Postage	6,704	6,675
Printing, stationery and office supplies	30,833	26,179
Salaries	513,654	477,550
Telephone	16,472	11,528
Travel	30,569	30,576
Workers' compensation	11,740	7,760
Total administrative expenses, Exhibit C	$ 870,177	$ 837,653

MANITOBA CROP INSURANCE CORPORATION

Notes to Financial Statements
March 31, 1989

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1. Authority

The Manitoba Crop Insurance Corporation is incorporated under a specific Statute of the Province of Manitoba.

2. Significant Accounting Policies

(A) Programs

The Corporation operates general crop and hail insurance programs for Manitoba farmers and accounts for these programs separately.

The Corporation is also responsible for the administration of various agricultural-related programs on behalf of the Governments of the Province of Manitoba and Canada. The funds received by the Corporation to administer these programs are netted against expenditures. The operations of these programs are disclosed in the notes to the financial statements.

(B) Premiums

The Corporation recognizes as revenue all premiums earned on crop policies in force during the year. An agreement between the Governments of the Province of Manitoba and Canada provides for the matching by Canada on a cash basis, of insurance premiums collected from insured persons under the General Crop Insurance Program. The matching portion from Canada is shown as revenue. The insurance premium rates are adjusted annually on a basis of a breakeven position being maintained over 10 to 25 years of crop loss experience.

(C) Administrative Expenses

The agreement between the Governments of the Province of Manitoba and Canada, referred to in section (B) of this note, also stipulates that all administrative expenses relating to the General Crop Insurance Progam will be met by the Government of the Province of Manitoba. Certain of these costs are common to both the General Crop Insurance Program and the Hail Insurance Program and are allocated on a basis approved by the Corporation's Board of Directors. Administrative expenses relating to the Hail Insurance Program have been met by insured farmers, except for the unfunded pension provision shown in Note 2(D). The Corporation's head office and certain of its field office accommodations are provided by the Government of the Province of Manitoba at no charge to the Corporation and, accordingly, are not reflected in these financial statements.

2. Significant Accounting Policies (continued)

(D) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to the following:

	Unfunded Pension Provision	
	December 31, 1988	December 31, 1987
General crop insurance	$ 1,614,785	$ 1,407,560
Hail insurance	403,696	351,890
Total	$ 2,018,481	$ 1,759,450

(E) Fixed Assets

Furniture and equipment purchases are charged to operations in the year of acquisition.

3. Term Deposits

The Minister of Finance has invested, on behalf of the Corporation, $6,700,000 received from the Corporation on account of The Hail Insurance Program.

4. Reinsurance Funds - General Crop Insurance

In accordance with the terms of a reinsurance agreement between the Governments of the Province of Manitoba and Canada and the Corporation, the Corporation is liable for reinsurance premiums to the Crop Reinsurance Fund of Manitoba and the Crop Reinsurance Fund of Canada for Manitoba, based on premiums collected plus the matching portion paid by the Government of Canada. When indemnities are in excess of the Corporation's reserve and certain other conditions are

4. Reinsurance Funds - General Crop Insurance (continued)

met, payments are made from the Crop Reinsurance Funds to the Corporation. Interest is neither credited nor charged to the Funds by Manitoba or Canada.

The changes in the Crop Reinsurance Funds, on a cash basis, for the fiscal year ended March 31, 1989 were as follows:

	Crop Reinsurance Funds	
	Manitoba	Canada for Manitoba
Balances, March 31, 1988	$ 8,886,330	$ 34,261,699
Add:		
Reinsurance premiums	6,151,351	3,075,616
	15,037,681	37,337,315
Deduct:		
Payments on account of indemnities	884,856	-
Balances, March 31, 1989	$14,152,825	$ 37,337,315

When taking into account the reinsurance premiums payable to and the amounts receivable from the Crop Reinsurance Funds, as shown on the balance sheet, the position of the two Funds on an accrued basis as at March 31, 1989, is a deficit of $16,324,229 for Manitoba and a deficit of $25,489,714 for Canada for Manitoba.

5. Deficits in Reinsurance Funds

Deficits in the Crop Reinsurance Funds are funded by advances from Manitoba and Canada, which are repayable when there is a surplus in the Reserve for the Payment of Indemnities. The accumulated deficits for the year ended March 31, 1989 are as follows:

5. Deficits in Reinsurance Funds (continued)

	Accumulated Deficits	
	Manitoba	Canada for Manitoba
Balances, March 31, 1988	$ 1,374,319	$ -
Add:		
Current Year	16,324,229	25,489,714
Balance, March 31, 1989	$ 17,698,548	$ 25,489,714

6. Advance from the Government of the Province of Manitoba

When necessary, there is a provision for the Corporation to receive interest free working capital advances. The advances received to date are on account of the General Insurance Program.

7. Other Programs

(A) The Corporation administers the Canada-Manitoba Waterfowl Crop Damage Compensation Program. This program is cost shared between Canada and Manitoba (50/50) and Canada's share of the expenditures is remitted directly to the Province. For the fiscal year ended March 31, 1989, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 113,075
Expenditures:	
Indemnities	99,119
Administrative expenses	13,956
	113,075
Balance, March 31, 1989	$ -

7. Other Programs (continued)

(B) The Corporation also administers section 89(E) of The Wildlife Act as it applies to compensation for damage to crops caused by migratory waterfowl. Compensation payments are paid entirely by Manitoba. For the fiscal year ended March 31, 1989, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 1,833
Expenditures:	
Indemnities	1,833
Balance, March 31, 1989	$ -

(C) During this fiscal year the Corporation administered the Canada-Manitoba Greenfeed Program on behalf of the Manitoba Department of Agriculture. Under the terms of agreement, program expenditures are cost shared between Canada and Manitoba (50/50) while the administrative expenses are paid entirely by Manitoba. Canada's share of the expenditures is remitted directly to the Province. For the fiscal year ended March 31, 1989 the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 9,039,665
Expenditures:	
Incentive payments	8,437,013
Administrative expenses	602,652
	9,039,665
Balance, March 31, 1989	$ -

Manitoba

MANITOBA DATA SERVICES

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the statement of financial position of Manitoba Data Services as at December 31, 1988 and the statements of operations and retained earnings, and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Data Services as at December 31, 1988 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

F. H. Jackson, CA,
Provincial Auditor.

March 17, 1989,
Winnipeg, Manitoba.

MANITOBA DATA SERVICES

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

In thousands of dollars, year ended (Note 12)	December 31 1988	(9 months) December 31 1987
REVENUES		
Data processing	$25 379	$18 609
Health-care program costs recoverable (Note 10)	3 596	986
Interest income	784	535
Miscellaneous (Note 3)	367	141
	30 126	20 271
EXPENSES		
Salaries and administration	11 763	8 136
Computer equipment and software - rental and maintenance	10 522	5 565
Depreciation and amortization	3 924	2 610
Pension and vested sick leave (Note 4)	973	537
Interest		
- Government of the Province of Manitoba (Note 5)	688	298
- Capital equipment leases	126	392
Gain on disposal of computer equipment	(72)	(1 432)
	27 924	16 106
NET EARNINGS	2 202	4 165
Client refund	--	3 000
Transferred to Retained Earnings	2 202	1 165
RETAINED EARNINGS -- BEGINNING OF YEAR	6 703	5 538
RETAINED EARNINGS -- END OF YEAR	$ 8 905	$ 6 703

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

In thousands of dollars, as at	December 31 1988	December 31 1987
CURRENT ASSETS		
Cash	$ 860	$ 852
Accounts receivable	3 401	3 143
Temporary deposits with the Minister of Finance, Government of the Province of Manitoba, at cost		
- Designated to fund client refund	--	3 000
- Undesignated	1 744	19
Prepaid expenses	16	90
	6 021	7 104
FIXED ASSETS (Note 6)	8 395	9 535
OTHER ASSETS		
Proprietary software (Note 7)	1 607	1 925
Long-term accounts receivable (Note 9)	1 935	626
Retirement Plans Fund (Note 4)	5 656	4 881
	9 198	7 432
	$23 614	$24 071

The accompanying notes are an integral part of these statements

Approved on behalf of the Board

April 17, 1989

R. B. Pennycook
Vice Chairman

R. M. Fraser
Chairman, Audit Committee

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND RETAINED EARNINGS

In thousands of dollars, as at	December 31 1988	December 31 1987
CURRENT LIABILITIES		
Accounts payable	$ 712	$ 1 900
Principal due within one year on advances from the Government of the Province of Manitoba	630	338
Principal due within one year on capital equipment leases (Note 8)	719	386
Client refund	--	3 000
	2 061	5 624
LONG-TERM LIABILITIES		
Retirement Plans (Note 4)	6 380	5 446
Advances from the Government of the Province of Manitoba (Note 5) - General	1 082	--
- Health-care program equipment	4 865	5 243
Capital equipment leases (Note 8)	321	1 055
	12 648	11 744
RETAINED EARNINGS	8 905	6 703
	$23 614	$24 071

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF CHANGES IN CASH RESOURCES

In thousands of dollars, year ended (Note 12)	December 31 1988	(9 months) December 31 1987
OPERATIONS		
Receipts		
Data processing and miscellaneous	$ 27 664	$ 20 335
Interest income	895	445
Disbursements		
Salaries and administration, computer equipment and software	(26 271)	(12 410)
Interest	(785)	(677)
Cash provided by operations	1 503	7 693
FINANCING		
Capital leases - Repayment	(361)	(876)
Government of the Province of Manitoba		
- Health-care program equipment		
- Advance	--	5 660
- Repayment	(338)	(79)
- General		
- Advance	1 475	--
- Repayment	(141)	(1 662)
Health-care program equipment	--	(5 088)
Payments charged to Retirement Plans	(39)	(31)
	596	(2 076)
Cash available for investment	2 099	5 617
INVESTMENT		
Fixed assets	2 094	3 639
Proceeds from disposal of equipment	(2)	(202)
Proprietary software	499	768
Term deposits designated to fund Retirement Plans	775	427
	3 366	4 632
INCREASE IN CASH AND SHORT-TERM DEPOSITS	(1 267)	985
CASH AND SHORT-TERM DEPOSITS -- BEGINNING OF YEAR	3 871	2 886
CASH AND SHORT-TERM DEPOSITS -- END OF YEAR	$ 2 604	$ 3 871

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

NOTES TO THE FINANCIAL STATEMENTS -- DECEMBER 31, 1988

(Tabulated amounts in thousands of dollars)

1. ORGANIZATION

The Commission was established by the Manitoba Data Services Act on June 15, 1979, without share capital, to provide electronic data processing services to the Government of the Province of Manitoba and government agencies.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Reporting

The financial statements have been prepared in accordance with generally accepted accounting principles. By virtue of its status as a Crown Commission of the Province of Manitoba, Manitoba Data Services is not subject to income tax.

(b) Revenue Recognition

Revenue is recorded as services are provided.

(c) Fixed Assets

Fixed assets are recorded at cost and include certain leases, which in substance are purchases, capitalized at the lesser of fair value and the present value of the net minimum lease payments.

Depreciation and amortization of owned and leased assets are provided on a straight-line basis to amortize the cost over their estimated useful lives.

	YEARS
Computer equipment	3 to 4
Furniture and fixtures	5 to 10
Leasehold improvements and proprietary software	3 to 5

(d) Retirement Plans

Pension and vested sick leave costs (Note 4) are accrued and charged to operations in the year to which they relate. Payments upon employee retirement or termination are charged to the Retirement Plans liability. Actuarial gains and losses on the pension liability, as determined by a triennial actuarial review, are amortized and charged to operations over a three-year period.

3. MISCELLANEOUS REVENUE

	December 31 1988	(9 months) December 31 1987
Equipment rentals	$ 48	$ 32
Program maintenance	47	29
Client education	33	20
Provincial network	203	33
Other	36	27
	$367	$141

4. RETIREMENT PLANS

(a) Pension

All employees of the Commission are required to contribute to the Manitoba Civil Service Superannuation Fund at prescribed rates for defined benefits. The Commission is required to reimburse the Superannuation Fund for fifty per cent of payments made to retired employees. The December 31, 1986 triennial actuarial report indicated a net surplus of $582 000, reflecting pension fund assets of $4 278 000 and an actuarial present value obligation of $3 696 000. This surplus is being amortized to operations on a straight-line basis plus interest over a three-year period ending December 31, 1989.

The actuarial present value of the pension obligation determined in accordance with the formula contained in the triennial actuarial report, including provision for increases in pensions due to increases in the cost of living, at December 31, 1988 is $5 656 000 (December 31, 1987: $4 881 000).

(b) Vested Sick Leave

A portion of each employee's unused annual sick leave allowance is vested payable upon termination of employment. The vested amount at December 31, 1988 is $724 000 (December 31, 1987: $565 000).

A portion of the term deposits with the Minister of Finance, Government of the Province of Manitoba has been designated by the Commission in an amount sufficient to fully fund the Pension liability and shown as Retirement Plans Fund. Interest earned on these designated funds is included in interest income.

5. ADVANCES FROM THE GOVERNMENT OF THE PROVINCE OF MANITOBA

(a) On May 1, 1988 an advance of $770 600 repayable $16 422 monthly, including interest at 10.13%, through April, 1993 was received to fund acquisition of a Prime Computer for Manitoba Hydro. Also on July 1, 1988 an advance of $700 000 repayable $15 000 monthly, including interest at 10.38%, through June, 1993 was received to fund Capital acquisitions for Manitoba Data Services.

	(thousands of dollars) 1988	1987
Advances from Province	$1 475	$ --
Repayment of Principal	141	--
	1 334	--
Principal due within one year . . .	252	--
Balance - End of Year	$1 082	$ --
Interest Expense	$ 91	$ --

(b) Principal and interest at 11% repayable $935 616 per annum through 1997 for health-care program.

	(thousands of dollars) 1988	1987
Balance - Beginning of Year	$5 581	$ --
Advance from Province	--	5 660
Repayment of principal	338	79
	5 243	5 581
Principal due within one year . . .	378	338
Balance - End of Year	$4 865	$5 243
Interest Expense	$ 597	$ 281

6. FIXED ASSETS

	December 31 1988			December 1987
	Cost	Accumulated Depreciation and Amortization	Net	Net
Computer equipment				
- Owned	$13 560	$6 551	$7 009	$7 665
- Capital lease	1 416	972	444	941
Furniture and fixtures .	1 062	543	519	448
Leasehold improvements .	1 101	678	423	481
	$17 139	$8 744	$8 395	$9 535

7. PROPRIETARY SOFTWARE

Proprietary software is shown net of accumulated amortization of $2 458 000 (December 31, 1987: $1 641 000).

8. LEASES

(a) Future minimum payments under capital (computer equipment) and operating (office rental and computer equipment) leases, together with the present value of the net minimum payments under the capital leases, are as follows:

	Leases	
	Capital	Operating
1989	$ 770	$4 427
1990	251	3 076
1991	96	--
1992	32	--
Total minimum lease payments	$1 149	$7 503
Less interest element (Weighted average 11%)	109	
Present value of net minimum lease payments	1 040	
Less principal due within one year	719	
Capital equipment leases payable	$ 321	

(b) In 1986 the Commission entered into a sixty-month operating lease agreement for a 3090-200 processor. This lease can be terminated by the Commission after thirty-six months upon payment of a termination fee ($438 000) equal to three months lease payments. The termination fee is being charged to operations over a thirty-six month period.

(c) In 1987, the Commission entered into a thirty-six month operating lease for a 3090-400E processor, which is payable $319 400 per month with an option to purchase in September, 1990 for $3.4 million.

9. LONG-TERM ACCOUNTS RECEIVABLE

Term financing is extended to clients for the purchase of computer equipment and for systems development. Principal amounts receivable within one year of $151 000 (December 31, 1987: $47 000) are included in current accounts receivable.

10. HEALTH-CARE PROGRAM

Manitoba Data Services operates the Unisys-based health-care program under the terms of a facilities management agreement with the Manitoba Health Services Commission whereby MDS is guaranteed the full recovery of program costs.

11. RELATED-PARTY TRANSACTIONS

Substantially all revenue earned by the Commission and related accounts receivable are from departments of the Government of the Province of Manitoba, its crown corporations and agencies.

12. COMPARATIVE FIGURES

The fiscal year end of the Commission was changed during 1987 by Order in Council from March 31 to December 31. Accordingly, operating figures to December 31, 1987 represent a nine-month period.

Manitoba

MANITOBA DEVELOPMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of the Manitoba Development Corporation at March 31, 1989 and the statements of operations and deficit and changes in cash position and the schedules of loans receivable, equity investments, accumulated losses and net divestiture costs, and assistance granted or to be granted for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation at March 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied, except for the changes in the methods of accounting for pension expense and obligations as described in note 3, on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

September 11, 1989,
Winnipeg, Manitoba.

Statement 1

MANITOBA DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989			1988
	Part I	Part II	Total	Total
ASSETS				
Cash	$ 83,466	$ -	$ 83,466	$ 102,669
Trust funds held	-	4,523	4,523	1,941
Accounts receivable	4,038	-	4,038	209,282
Due from the Province of Manitoba (note 4)	53,200	-	53,200	5,998,641
Due from Communities Economic Development Fund (note 2(c))	84,976	-	84,976	125,382
Loans receivable, Schedule 1	6,326,396	8,971,170	15,297,566	16,577,359
Equity investments, Schedule 2	-	6,320,239	6,320,239	5,510,239
Office furniture & equipment at cost less accumulated depreciation $63,722 (1988 -$54,484)	45,991	-	45,991	39,037
	$ 6,598,067	$15,295,932	$21,893,999	$28,564,550
LIABILITIES				
Due to Province of Manitoba	$ -	$ -	$ -	$ 122,889
Accounts payable and accruals	58,097	-	58,097	286,003
Interest payable - Province of Manitoba	232,145	90,116	322,261	639,407
Provision for divestiture costs (note 7)	2,554,355	-	2,554,355	8,385,186
Advances - Province of Manitoba	3,389,867	15,205,816	18,595,683	19,088,343
Deferred revenue	13,500	-	13,500	38,267
Accrued Pension Liability (note 2(b) and 3)	98,000		98,000	-
	6,345,964	15,295,932	21,641,896	28,560,095
SHAREHOLDER'S EQUITY				
Capital Stock: Authorized & Issued - 500,000 shares @ $100 each	50,000,000	-	50,000,000	50,000,000
Deficit, Statement 2	(49,747,897)	-	(49,747,897)	(49,995,545
	252,103	-	252,103	4,455
	$ 6,598,067	$15,295,932	$21,893,999	$28,564,550

APPROVED ON BEHALF OF THE BOARD:

Director

Eldon Ross Director

The accompanying notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Deficit
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Interest and fees:		
Loans and guarantees - Part I	$ 765,056	$ 803,450
- Part II	575,775	1,021,988
Term deposits	-	7,159
Administration fees earned	70,790	52,706
	1,411,621	1,885,303
Recoveries - Province of Manitoba (note 5)	179,905	151,504
	1,591,526	2,036,807
Expenses:		
Interest - Province of Manitoba - Part I	232,145	156,231
- Part II	575,775	1,021,988
Salaries and benefits	466,099	418,167
Administration	299,257	319,966
	1,573,276	1,916,352
Net operating revenue	18,250	120,455
Extraordinary Items:		
Net divestiture (costs) or recoveries, Schedule 3	229,398	(5,851,792)
Recovery from the Province of Manitoba	-	5,851,792
Excess of revenue over expenses	247,648	120,455
Deficit - beginning of year	(49,995,545)	(50,116,000)
Deficit - end of year	$(49,747,897)	$(49,995,545)

The accompanying notes are an integral part of these financial statements.

Statement 3

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Cash Position
for the year ended March 31, 1989
(with 1988 figures for comparison)

Cash provided by (used for)

	1989	1988
Operating activities		
Net Operating Revenue, Statement 2	$ 247,648	$ 120,455
Items not affecting cash flow:		
Depreciation	5,244	3,146
Allowance for doubtful accounts	50,000	100,000
Loan Activities:		
Part I		
Loan principal payments	477,395	428,132
Protective disbursements	(50,229)	(52,791)
	427,166	375,341
Part II		
Loan principal payments	767,600	10,894,308
Loans issued	(5,136,683)	(3,514,848)
	(4,369,083)	7,379,460
Net change in provision for divestiture costs (note 7)	(5,830,831)	(6,300,665)
Net change in other non-cash balances:		
Part I	5,951,560	1,333,467
Part II	(426,557)	2,337,909
	5,525,003	3,671,376
Purchase of office equipment	(12,893)	(15,046)
Sale of office equipment	698	-
	(3,957,048)	5,334,067
Financing activities		
Advances from the Province of Manitoba:		
Part I	(857,792)	4,247,659
Part II	4,795,637	(9,717,369)
	3,937,845	(5,469,710)
Decrease in cash	(19,203)	(135,643)
Cash at beginning of year, Statement 1	102,669	238,312
Cash at end of year, Statement 1	$ 83,466	$ 102,669

The accompanying notes are an integral part of these financial statements.

Schedule 1

MANITOBA DEVELOPMENT CORPORATION

Schedule of Loans Receivable
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Part I: (note 1)		
Loans and protective disbursements	$ 6,476,396	$ 6,865,679
Less: allowance for doubtful accounts	(150,000)	(100,000)
	$ 6,326,396	$ 6,765,679
Part II: (note 1)		
Loans receivable:		
Manitoba Industrial Opportunities Program	$18,117,116	$16,012,379
Other programs	3,025,810	3,836,661
	21,142,926	19,849,040
Less allowance for:		
Forgiveness	(10,937,756)	(9,703,360)
Doubtful accounts	(1,234,000)	(334,000)
	(12,171,756)	(10,037,360)
	$ 8,971,170	$ 9,811,680
Loans receivable less allowance for forgiveness and doubtful accounts, Statement 1	$15,297,566	$16,577,359

The accompanying notes are an integral part of these financial statements.

Schedule 2

MANITOBA DEVELOPMENT CORPORATION

Schedule of Equity Investments
as at March 31, 1989
(with 1988 figures for comparison)

Part II:	1989	1988
A. E. McKenzie Co. Ltd. at cost: 12,154,000 preferred shares	$12,154,000	$12,154,000
Small Business Growth Fund - Limited Partnership (at equity)	810,000	-
Sub-Total	12,964,000	$12,154,000
Allowance for losses - A. E. McKenzie Co. Ltd.	(6,643,761)	(6,643,761)
Equity investments, less allowance for losses, Statement 1	$ 6,320,239	$ 5,510,239

The accompanying notes are an integral part of these financial statements.

Schedule 3

MANITOBA DEVELOPMENT CORPORATION

Schedule of Accumulated Losses and Net Divestiture Costs of Flyer Industries Limited (Note 7)

As at March 31, 1989

	Costs to March 31, 1988	Divestiture Costs for year ended March 31, 1989 (Statement 2)	Total Costs to Date
Investment Losses:			
Write off of shares	$34,432,106	$ -	$34,432,106
Write off of loan receivable, March 31, 1986	7,280,874	-	7,280,874
	41,712,980		41,712,980
Less: Proceeds from sale of shares	(1,000,000)	-	(1,000,000
Loss on investment	40,712,980	-	40,712,980
Acquisition Costs, July 15, 1986:			
Liabilities assumed	13,368,068	-	13,368,068
Less: Assets acquired	(12,905,144)	-	(12,905,144
Loss on acquisition	462,924	-	462,924
Other Costs:			
Write down of assets to realizable value	4,676,175	(8,249)	4,667,926
Bank guarantees	19,959,399	-	19,959,399
Outstanding cheques	3,450,030	-	3,450,030
Warranty obligations	21,441,834	(378,632)	21,063,202
Fixed asset acquisitions	4,796,477	82,304	4,878,781
Write off of loans & interest	3,815,348	-	3,815,348
Purchase of minority shares	332,522	-	332,522
Severance payments & consultations	1,244,039	2,855	1,246,894
Insurance	500,999	-	500,999
Occupancy costs	286,137	6,816	292,953
Professional fees	528,298	91,711	620,009
Equipment removal	219,928	-	219,928
Inventory management	304,646	9,268	313,914
Sundry	331,951	1,139	333,090
	61,887,783	(192,788)	61,694,995
Less Other Proceeds:			
Sales of fixed assets	(3,323,000)	-	(3,323,000
Proceeds from work-in-process	(3,016,890)	-	(3,016,890
Lease proceeds	(1,368,733)	-	(1,368,733
Sundry	(201,054)	(36,610)	(237,664
	(7,909,677)	(36,610)	(7,946,287
Net accumulated losses and divestiture costs of Flyer Industries Limited	$95,154,010	$ (229,398)	$94,924,61

The accompanying notes are an integral part of these financial statements.

Schedule 4

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted for the year ended March 31, 1989

UNDER PART II OF THE DEVELOPMENT CORPORATION ACT:

CANADA/MANITOBA TOURISM AGREEMENT PROGRAM

Eagle Nest Lodge		
Loan - Interest - 6%	- 8 year term	$ 75,000
Conditional Forgivable Loan Interest Free	- Demand	$ 75,000
Sea North Tours Ltd.		
Loan - Interest - 6%	- 13 year term	$ 82,500
Conditional Forgivable Loan Interest Free	- Demand	$ 82,500

MANITOBA INDUSTRIAL OPPORTUNITIES PROGRAM

Linnet International Graphics Ltd.		
Conditional Forgivable Loan - Interest Free	- Demand	$ 200,000
Palliser Furniture Ltd.		
Loan - Interest - 11%	- 5 year term	$1,500,000

MANUFACTURING ADAPTATION PROGRAM

A.D. Type Graphics Ltd.		
Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$ 50,000
Caligiuri Woodworking Ltd.		
Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$ 23,000
E.P.T. Manufacturing Ltd.		
Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$ 50,000

MANUFACTURING ADAPTION PROGRAM (cont'd)

Franklin Enterprises Ltd. Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	17,352
Golden Gong (Limited Partnership) Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	17,000
Inespo Corporation Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	34,250
Myrah Enterprises Inc. Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	22,500
Pak Mark Ltd. Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	40,000
The Tops Manufacturers Ltd. Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	13,150
VMS Visual Marketing Systems Ltd. Loan - Interest - Crown Corporation borrowing rate less 2%	- 5 year term	$	50,000

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1989

1. Nature of Operations and Economic Dependence:

The Manitoba Development Corporation (the Corporation) provides loans and loan guarantees under Part I and Part II of The Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba. The Corporation's lending operations under Part I were suspended effective November 15, 1977 except since then, further guarantee and loan commitments have been made on the direction of the Province of Manitoba. The Corporation is dependent on the Province of Manitoba for its continued operations.

2. Significant accounting policies:

(a) Losses under Part I are charged against operations of the Corporation. Divestiture costs related to Flyer Industries Ltd. are recoverable from the Province. Losses under Part II are the responsibility of the Province and are charged directly against advances received from the Province.

(b) The employees of the Corporation are not members of the Civil Service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension paid to retired employees. The current pension expense is determined on the basis of an actuarial valuation. In addition, the past service obligations are being charged to operations over a ten year period. Payments to pensioners are charged against the liability account.

(c) The Corporation is jointly administered with the Communities Economic Development Fund (CEDF). At the year end, common administrative expenses are reviewed and allocated between CEDF and the Corporation on a proportionate basis as determined by officials of CEDF and the Corporation.

(d) Office furniture and equipment is depreciated at 10% on a straight line basis.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1989

3. Change in accounting policy:

During the year, the Corporation changed its method of accounting for pension expenses and obligations. In fiscal years prior to 1989, the Corporation charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year, the Corporation has recorded a provision to fund current service obligations and to fund past service obligations over a ten-year period. On the basis of an actuarial report, the unfunded liability amounted to $412,320 at December 31, 1988 ($456,929 at December 31, 1987). This change in accounting policy for pension expense and obligations has been applied prospectively and has resulted in an additional $98,000 being charged to operations.

4. Due from Province of Manitoba:

The amount due from the Province represents the recoverable balance outstanding for costs or fees incurred by the Corporation on behalf of the following operations:

	1989	1988
The Pas Forestry Complex, (note 6(c))	$ 10,335	$ 84,409
Destination Manitoba	39,795	2,907
Manitoba Interest Rate Relief Program	970	11,612
Flyer Industries Ltd. Divestiture, (note 7)	-	5,851,792
Manitoba Industrial Opportunities Program	-	47,921
Department of Cooperative Development	1,057	-
Manufacturing Adaptation Program	1,043	-
	$ 53,200	$5,998,641

5. Recoveries from the Province of Manitoba:

The Corporation is entitled to recover administrative costs for all Part II programs. During the year, the Corporation recovered costs for administering the following programs:

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1989

5.(cont.)

	1989	1988
Tourism Agreement	$ 10,400	$ 1,000
Destination Manitoba	49,211	49,975
Manitoba Interest Rate Relief Program	13,392	40,179
Manitoba Industrial Opportunities Program	96,223	50,000
Manufacturing Adaptation Program	10,679	10,350
	$179,905	$ 151,504

6. Contingent Liabilities and Commitments:

(a) Bank Guarantees, Part II:

The Corporation has provided guarantees under the Manitoba Industrial Opportunities Program (formerly Jobs Fund) as follows:

	1989	1988
Gravure Graphics Ltd.	$ 850,000	$1,175,000

(b) Commitments, undisbursed balances of approved loans:	1989	1988
Part II		
Tantalum Mining Corporation of Canada Limited	-	350,500
Manitoba Industrial Opportunities Program	4,285,806	5,639,050
Canada Manitoba Tourism Agreement	232,500	240,000
Manufacturing Adaptation Program	131,136	664,637
	$4,649,442	$6,894,187

(c) The Pas Forestry Complex:

In accordance with the terms of an agreement dated March 25, 1975, between Manfor Ltd., the Province and the Corporation, the Corporation has a continuing responsibility to press and defend all claims in connection with the affairs of the several companies comprising The Pas Forestry Complex. All costs incurred by the Corporation in respect of such claims will be reimbursed by the Province.

6. (c) continued:
The remaining funds in the Receiver's accounts will be transferred to the Province when the Receiver settles all outstanding legal issues.

(d) New Flyer Industries Limited:

Under the terms of the Divestiture Agreement described in Note 7, the Manitoba Development Corporation is contingently liable for and the Province of Manitoba is ultimately responsible for a bank guarantee, performance bonds, litigation and other contingencies.

7. Flyer Divestiture:

On July 15, 1986, the Manitoba Development Corporation entered into an agreement with BV Carrosseriefabriek den Oudsten en Zonen by which MDC divested itself of its interest in Flyer Industries Limited. Under the terms of this agreement, the shares were sold to BV Carrosseriefabriek den Oudsten en Zonen for $1,000,000 and MDC contracted to receive certain revenues and pay certain costs as described in Schedule 3. The net divestiture cost and accumulated losses is estimated to be $109 million allocated as follows:

MDC Schedule 3	$ 94,924,612
Province of Manitoba	14,065,000
Total	$108,989,612

The net divestiture costs and accumulated losses of $94,924,612, related to the Corporation, are comprised of payments, net of receipts, to March 31, 1989 of $92,370,257 and a provision of $2,554,355 for future anticipated costs and recoveries. A summary of changes in the provision account is as follows:

Balance, March 31, 1988		$8,385,186
Less:		
Reduction for payments (net of receipts)	$ 5,601,433	
Divestiture cost recoveries, Schedule 3	229,398	5,830,831
Balance, March 31, 1989		$2,554,355

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1989

8. Comparative Figures:

Comparative figures have been restated where necessary to conform with the 1989 financial statement presentation.

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AUDITORS' REPORT

To the Board of Directors of
The Manitoba Energy Authority:

We have examined the balance sheet of The Manitoba Energy Authority as at March 31, 1989 and the statements of operations and accumulated revenue deficiency and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Authority as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Chartered Accountants

May 17, 1989

THE MANITOBA ENERGY AUTHORITY

BALANCE SHEET

MARCH 31, 1989

	1989	1988
ASSETS		
CURRENT ASSETS		
Cash	$119,821	$ 28,928
Accounts receivable	36,701	7,841
Prepaid expenses and other assets	18,587	4,812
	175,109	41,581
FIXED ASSETS - at cost, less accumulated depreciation (Note 3)	68,807	86,237
DEFERRED PENSION COSTS	165,041	174,210
OTHER ASSETS, at cost	4,336	4,336
	$413,293	$ 306,364
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$137,048	$ 65,810
Accrued interest payable	-	77,735
	137,048	143,545
ADVANCES DUE TO THE PROVINCE (Note 1)	-	3,288,095
DEFERRED REVENUE	25,316	25,316
UNFUNDED PENSION LIABILITY	268,056	221,666
	430,420	3,678,622
REVENUE DEFICIENCY		
ACCUMULATED REVENUE DEFICIENCY	(17,127)	(3,372,258)
	$413,293	$ 306,364

THE MANITOBA ENERGY AUTHORITY

STATEMENT OF OPERATIONS AND ACCUMULATED REVENUE DEFICIENCY

YEAR ENDED MARCH 31, 1989

	1989	1988
REVENUE		
Grant receipts	$ 1,734,163	$ -
Miscellaneous revenue	514	460
	1,734,677	460
EXPENSES		
Operating expenses		
Personnel services	894,577	681,944
Grants	-	20,000
Travel	59,483	101,208
Communications	23,297	70,962
Rentals	99,187	98,675
Professional services	481,855	341,008
Interest expense	59,860	244,675
Depreciation and amortization	17,836	21,650
Other operating	31,546	92,395
	1,667,641	1,672,517
NET REVENUE (DEFICIENCY) FOR THE YEAR	67,036	(1,672,057)
ACCUMULATED REVENUE DEFICIENCY, BEGINNING OF YEAR	(3,372,258)	(3,112,106)
REVENUE DEFICIENCY DISCHARGED BY THE PROVINCE OF MANITOBA (Note 1)	3,288,095	1,411,905
ACCUMULATED REVENUE DEFICIENCY, END OF YEAR	$ (17,127)	$(3,372,258)

THE MANITOBA ENERGY AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED MARCH 31, 1989

	1989	1988
OPERATING ACTIVITIES		
Revenue (deficiency) for the year	$ 67,036	$(1,672,057)
Items not affecting cash flow		
Depreciation	17,836	21,650
Amortization of deferred pension costs	9,169	9,168
Current service pension costs	46,390	38,288
Cash flow from earnings	140,431	(1,602,951)
(Increase) in accounts receivable	(28,860)	(4,709)
Decrease in appropriation receivable	-	69,108
(Increase) in prepaid expenses and other assets	(13,775)	(2,059)
Increase (decrease) in accounts payable and accrued liabilities	71,238	(32,559)
(Decrease) increase in accrued interest payable	(77,735)	8,627
Increase in deferred revenue	-	208
	91,299	(1,564,335)
INVESTMENT ACTIVITIES		
Fixed asset additions	(902)	(23,649)
Proceeds on disposal of fixed assets	496	-
Purchase of other assets	-	(212)
	(406)	(23,861)
FINANCING ACTIVITIES		
Advances from the Province of Manitoba	-	1,575,000
TOTAL CASH PROVIDED (USED)	90,893	(13,196)
CASH, BEGINNING OF YEAR	28,928	42,124
CASH, END OF YEAR	$119,821	$ 28,928

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1989

1. AUTHORITY AND MANDATE

The Manitoba Energy Authority is incorporated under a specific statute in the Province of Manitoba, being "The Manitoba Energy Authority Act", Chapter E112 of the Continuing Consolidation of the Statutes of Manitoba.

The Authority is responsible for the following:

(i) Developing and implementing policies to ensure the long-term stability and availability of electrical energy supply to Manitobans.

(ii) Through its Electrical Energy Marketing Committee, for negotiating export sales of electrical energy with other provincial utilities and with utilities in the United States.

(iii) For promoting the establishment, development and operation of energy intensive industries within the province.

(iv) For co-ordinating all governmental and Manitoba Hydro activities related to industrial and employment benefits associated with the Limestone Generating Station Project.

The Limestone Training and Employment Agency (LTEA) was established with the approval of the Board of Directors of The Manitoba Energy Authority, under Ministerial direction, pursuant to Section 4 of The Manitoba Energy Authority Act, March 25, 1985. Effective July 14, 1987, the Agency was incorporated as a wholly owned subsidiary of The Manitoba Energy Authority under Section 9 of The Manitoba Energy Authority Act. The LTEA organizes all aspects of Limestone-related training, and ensures that northern Manitoba residents have ample opportunities to obtain employment on the project and permanent employment related to the electrical industry.

Consistent with Ministerial intent to ensure that the Authority exercises no control over the LTEA's assets or operations, the Authority does not and will not include the reporting of the Limestone Training and Employment Agency's financial activities in its financial statements. The LTEA will publish its own financial statements incorporating the disbursements of the Departments of Education, Employment Services and Economic Security, and Labour for Limestone-related training, as well as its own direct expenditures.

The Legislature has authorized the borrowing and spending of monies for the operations of The Manitoba Energy Authority as follows:

Legislative Authority	-	The Loan Act, 1984
Authorization	-	$5,000,000
Unexpended balance as at March 31, 1989	-	Nil

1. AUTHORITY AND MANDATE (continued)

Commencing with the March 31, 1987 year, the Government of the Province of Manitoba changed its accounting policy regarding the treatment of the value of its assets related to Crown corporations, Agencies, Boards and Commissions, whereby the Province writes down the value of its assets based on the non-recoverable cumulative losses recorded by each of these entities.

The application of this policy to the Authority has resulted in the reduction of advances from the Province of Manitoba through forgiveness in the amount of $3,288,095 as at March 31, 1989, ($1,411,905 at March 31, 1988) by way of Order-in-Council 1266/88.

Consistent with this policy change, the annual budget of the Authority is being provided from an appropriation of the Consolidated Fund as and from April 1, 1988. As a consequence, the funding of the Authority by way of grant payments from current budgetary appropriations represents a charge against the Province in the year in which such payments are made and does not represent an investment by the Province in the Authority. It is expected that the Authority will operate in a manner such that any accumulated surplus or deficit will be minimized on an annual basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Pension costs

Pursuant to Section 29 of The Manitoba Energy Authority Act, the Lieutenant Governor in Council has directed that The Civil Service Superannuation Act apply to employees who were employed under The Civil Service Act immediately prior to becoming employed as officers or employees of The Manitoba Energy Authority effective the date on which they become employed with The Manitoba Energy Authority. In accordance with the provisions of The Civil Service Superannuation Act, the Authority is required to contribute 50% of the pension disbursement made to its retired employees. There has been no funding of pension obligations to date.

The cost of pension benefits provided in exchange for employees' services rendered in the period are determined using the projected benefit method prorated on services. Deferred pension costs represent the unamortized present value of the pension plan deficit which arose on commencement of the plan. Deferred pension costs are being amortized on a straight-line basis over a period of 20 years.

The Authority has also established a Money Purchase Pension Plan for those employees who do not contribute to The Civil Service Superannuation Fund. This Plan provides for full vesting after a qualifying period by the employees. Both the Authority and the employees contribute to the Plan on the basis of the employees' regular salary.

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1989

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciable assets other than leasehold improvements are depreciated at the rate of 20% per year on the declining-balance basis.

Leasehold improvements are amortized on the straight-line method over the life of the lease, a period of five years.

3. FIXED ASSETS

The major categories of fixed assets and related accumulated depreciation as at March 31, 1989 are as follows:

	1989			1988
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and office equipment	$ 82,833	$47,292	$35,541	$44,922
Computer equipment	69,453	42,352	27,101	32,973
Leasehold improvements	10,649	4,484	6,165	8,342
	$162,935	$94,128	$68,807	$86,237

4. NORTHERN STATES POWER COMPANY (NSP) CONTRACT

The Authority negotiated and is co-signer with The Manitoba Hydro-Electric Board in an agreement dated June 14, 1984 to supply 500 MW or 500,000 kilowatts of power to NSP for a 12 year period, May 1, 1993 to April 30, 2005, at an annual average capacity factor of 75%.

Under the terms of The Manitoba Energy Foundation Act, being Chapter 13 of the Statutes of Manitoba, 1986-87 (which may be referred to as Chapter E114 of the Continuing Consolidation of the Statutes of Manitoba), the Authority and Manitoba Hydro shall each be reimbursed an amount equal to the expense incurred by each in negotiating or directing the negotiation of any agreement respecting the long-term export sale of hydro-electric power. Such sales made on and after January 1, 1984 must be designated by an order of the Lieutenant Governor in Council as an agreement for the purpose of The Manitoba Energy Foundation Act.

The Authority and Manitoba Hydro will be reviewing each other's attributable costs to establish reimbursable charges. However, as a result of the forgiveness by the Province of loan advances to the Authority and the change in funding for the Authority set out in Note 1, any recovery of such charges by the Authority would be forwarded to the Province of Manitoba.

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1989

5. FUTURE COMMITMENTS

Future minimum rental payments required under operating leases for the years ending March 31 are as follows:

1990	$80,281
1991	83,492
1992	69,577

The Authority has also entered into consulting contracts and other agreements which have a potential future obligation of approximately $197,692.

Manitoba

THE MANITOBA HABITAT HERITAGE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Habitat Heritage Corporation as at March 31, 1989 and the statement of revenue, expenditure and unexpended funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

October 6, 1989,
Winnipeg, Manitoba.

THE MANITOBA HABITAT HERITAGE CORPORATION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Current:		
Cash	$ 18,408	$ 13,653
Accounts receivable	19,015	-
Prepaid expenses	-	1,369
	37,423	15,022
Fixed (Notes 2 a and b):		
Land	241,498	146,398
Equipment	31,430	-
	272,928	146,398
	$ 310,351	$ 161,420
LIABILITIES AND FUND BALANCES		
Accounts payable and accrued liabilities	$ 28,007	$ 8,059
Investment in fixed assets (Note 2 a)	272,928	146,398
Unexpended funds	9,416	6,963
	$ 310,351	$ 161,420

APPROVED ON BEHALF OF THE BOARD

Director

Director

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Revenue, Expenditure and Unexpended Funds for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Grant from the Government of the Province of Manitoba	$ 250,000	$ 250,000
Interest	4,416	3,787
Contributions and donations	225	14,705
Project cost recoveries	31,314	10,922
Total revenue	285,955	279,414
Expenditure:		
Project related costs:		
Enhancement	126,643	161,174
Acquisition	95,100	82,784
Easements	17,087	10,385
Research studies	12,400	7,000
Public information	9,086	34,647
Property taxes	3,046	-
Appraisal fees	1,893	-
Grants:		
Fort Whyte Centre	-	11,050
Manitoba Naturalists Society	2,000	4,500
Ducks Unlimited Canada	-	4,650
General and administrative:		
Board expenses	7,052	2,268
Computer equipment and software	4,570	-
Stationery supplies	78	1,820
Professional fees	4,470	2,500
Bank services	77	100
Total expenditure	283,502	322,878
Revenue over (under) expenditure	2,453	(43,464)
Unexpended funds at beginning of year	6,963	50,427
Unexpended funds at end of year	$ 9,416	$ 6,963

Notes to the Financial Statements
March 31, 1989

1. Nature of Organization

The Manitoba Habitat Heritage Corporation was established in February, 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the fish and wildlife populations.

2. Significant Accounting Policies

a) These financial statements have been prepared in accordance with generally accepted accounting principles except:

   i) Fixed assets are charged to operating expenditures in the year of acquisition.

   ii) Fixed assets are capitalized with a corresponding amount being reflected in "Investment in Fixed Assets". In 1989, this was extended to include equipment. No depreciation is recorded on fixed assets.

b) Fixed assets are valued at cost, except for donated land which is valued at the appraised value at acquisition date.

c) Professional and administrative support is provided by Fisheries and Wildlife Branches staff of the Department of Natural Resources at no cost to the Corporation. This support is estimated to be approximately $82,000 (1988 - $77,000). These costs are not reflected in these financial statements.

3. Commitments

a) The Corporation leases parcels of land for wildlife habitat. The future minimum lease payments for each of the next five years are:

1990	16,947
1991	15,201
1992	14,429
1993	10,270
1994	6,242

b) The Corporation is committed to expend $330,000 (1988 - $47,600) under cooperative project funding agreements as follows:

1990	70,000
1991	70,000
1992	70,000
1993	60,000
1994	60,000

Expenditures for these commitments will be included in enhancement and acquisition expenditures in the Statement of Revenue, Expenditure and Unexpended Funds.

Manitoba

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Hazardous Waste Management Corporation as at December 31, 1988 and the statements of operations and deficit, and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Hazardous Waste Management Corporation as at December 31, 1988 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

February 27, 1989,
Winnipeg, Manitoba.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Balance Sheet

as at December 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
CURRENT		
Cash held in trust by the Province of Manitoba	$503,295	$143,613
Accounts receivable	6,150	-
Prepaid expenses	5,750	3,533
Inventory, at cost	5,898	-
Total Current Assets	521,093	147,146
FIXED ASSETS (Note 4)		
Vehicle, at cost	16,085	-
Total Fixed Assets	16,085	-
TOTAL ASSETS	$537,178	$147,146
LIABILITIES		
CURRENT		
Accounts payable and accrued Liabilities	$300,934	$117,104
EQUITY		
Share capital (Note 3) Authorized - 350,000 shares for a maximum consideration of $ 35,000,000 Issued and paid - 19,000 shares	1,900,000	330,355
Deficit	(1,663,756)	(300,313)
TOTAL LIABILITIES AND EQUITY	$ 537,178	$147,146

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Operations and Deficit

year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue - PCB Management	$ 10,940	$ -
	10,940	-
General and administrative expenses		
Wages and benefits	590,575	104,798
Other administrative expenses	409,518	135,781
	1,000,093	240,579
System development programs (Note 9)		
Source based management and market identification	67,806	-
Facilities development	61,548	-
Site selection and assessment	42,824	-
External affairs	98,679	-
Business plan development	1,867	-
	272,724	-
Public waste management programs (Note 10)	101,566	59,734
Net loss for the year	1,363,443	300,313
Deficit, beginning of year	300,313	-
Deficit, end of year	$1,663,756	$300,313

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Changes In Cash Resources
year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Cash provided by (used for): Operating Activities		
Loss from Operations	$(1,363,443)	$(300,313)
Changes in working capital		
Accounts receivable	(6,150)	-
Inventory, at cost	(5,898)	-
Prepaid expenses	(2,217)	(3,533)
Accounts payable	183,830	117,104
	169,565	113,571
	(1,193,878)	(186,742)
Capital Expenditures	(16,085)	-
	(1,209,963)	(186,742)
Financing Activities		
Issuance of share capital	1,569,645	330,355
Cash (required) provided	359,682	143,613
Cash, beginning of year	143,613	-
Cash, end of year	$ 503,295	$143,613

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements
December 31, 1988

1. Status of the Corporation

The Manitoba Hazardous Waste Management Corporation was established as a Crown Corporation under the Manitoba Hazardous Waste Management Corporation Act S.M. 1986, C.10. Under the provisions of the Act, the Corporation will establish and operate a hazardous waste management system which will safely dispose of hazardous waste in accordance with regulations and standards prescribed by the Province of Manitoba. The Corporation also promotes protection of health and safety and the preservation of the environment.

2. Significant Accounting Policies

a) Basis of Reporting

The financial statements have been prepared in accordance with generally accepted accounting principles, except for accounting for furniture and office equipment as described in note 2(c). General and administrative expenses are not allocated to system development and public waste management programs.

b) System Development Costs

System development costs, including related general and administrative costs, are expensed in the period incurred. The Corporation plans to be capitalize these costs when a decision is made to proceed with construction of a waste treatment facility.

c) Fixed Assets

Fixed assets are recorded at cost with the exception of purchases of office equipment and furniture which are charged directly to operations in the year the charge is incurred. Depreciation is computed on the declining balance to amortize the cost over the estimated useful life.

d) Pension Liability and Expense

The Manitoba Hazardous Waste Management Corporation has requested that the Civil Service Superannuation Act be amended to include the Corporation as an employer under section 6(3) entitled to make contributions to the Civil Service Superannuation Fund matching the employees' contributions. The Corporation accrues a liability and charges to expense an amount equal to pension contributions made by employees. An actuarial determination is not available as to the extent of any unfunded liability.

e) Services Provided by the Government of Manitoba

The cost of services provided by the Government of the Province of Manitoba as outlined in Note 7 are not reflected in these financial statements.

3. Share Capital

The Corporation was originally established without share capital with funding provided by interest bearing advances from the Government of the Province of Manitoba. Amendments to the Manitoba Hazardous Waste Management Corporation Act on July 17, 1987 provided for up to 350,000 shares to be issued for a maximum consideration of $35,000,000. On February 4, 1988, by Order-in-Council 111/88, the outstanding interest bearing advances were retroactively converted into shares held by the Minister of Finance of Manitoba. The Corporation issues share certificates to the Minister of Finance in exchange for equity financing. Equity financing available to the Corporation is held in trust in the Consolidated Fund to be advanced as funds are required to finance operations.

4. Fixed Assets

	1988			1987
	Cost	Accumulated Depreciation	Net	
Vehicle (purchased Dec. 27, 1988)	$16,085	-	$16,085	-

5. Income Tax

The Corporation is owned by the Government of the Province of Manitoba and is therefore exempt from income tax.

6. Leases

The Corporation is committed to a five-year lease with A&L Realty Limited for office space at 530 Century Street. The remaining lease obligation is as follows:

1989	$69,455
1990	$69,455
1991	$69,455
1992	$23,152

7. Services Provided by the Government of the Province of Manitoba.

The Government of Manitoba provides certain administrative, legal and management services at no charge to the Corporation. The cost of these services is estimated to be approximately $25,000. (1987 - $25,000).

8. Economic Dependence

The Corporation is economically dependent on the Government of the Province of Manitoba.

9. System Development Programs

System development programs include a number of costs incurred to prepare for the development of a waste management facility.

Source based management and market identification

This activity covers the Corporation's initiatives related to promotion of source based management and the task of characterizing the provincial waste market.

Facilities development

This activity involves engineering studies to provide a technical review of facilities development options, identify available technologies and obtain preliminary cost and configuration information.

Site selection and assessment

This activity includes the review of siting experience elsewhere and the development of a proposed siting process to be pursed in Manitoba.

External affairs

This activity includes the costs related to the provision of a public information program aimed at establishing an identity for the Corporation as a new enterprise, providing a range of information on hazardous waste management and supporting specific activities such as facility siting.

Business plan

Business plan development includes the costs of examining various options with respect to potential joint ventures, commercial operations and other regional activities.

10. Public Waste Management Programs

Waste disposal and related expenses were incurred by the Corporation on assuming responsibility for funding public services previously provided by the Department of Environment Workplace Safety and Health.

11. Imputed Interest Cost Information

The following information is supplied in accordance with the request of the Minister of Finance.

The annual borrowing cost to the Government for the average investment of $1,115,178 in share capital at the weighted average rate of 10.52% paid by the Government in respect of its 1988 debt is $117,317.

Manitoba

THE MANITOBA HEALTH RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedule 1, of The Manitoba Health Research Council for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor.

May 26, 1989
Winnipeg, Manitoba

EXHIBIT A

THE MANITOBA HEALTH RESEARCH COUNCIL

Balance Sheet
as at March 31, 1989

	1989	1988
ASSETS		
Cash	$ 327,186	$ 524,295
Grant receivable from the Manitoba Lotteries Foundation on behalf of the Department of Health	590,250	-
Grant receivable from the Manitoba Lotteries Foundation	41,561	51,103
Grant receivable from the Government of the Province of Manitoba	-	500,000
Accrued interest	1,663	11
	$ 960,660	$ 1,075,409
LIABILITIES AND UNEXPENDED FUNDS		
Accounts payable	$ 3,305	$ 3,270
Research grants payable	317,483	294,835
The Manitoba Health Research Council Fund, Exhibit C:		
Reserve for Future Research Fund Account (Note 4)	250,000	500,000
General Fund Account	389,872	277,304
	639,872	777,304
	$ 960,660	$ 1,075,409

EXHIBIT B

THE MANITOBA HEALTH RESEARCH COUNCIL

Statement of Revenues and Expenditures for the year ended March 31, 1989

	1989	1988
Revenues:		
Grant from the Manitoba Lotteries Foundation on the behalf of the Department of Health	$ 787,000	$ 787,000
Grant from the Manitoba Lotteries Foundation	404,134	509,476
Grant from the Government of the Province of Manitoba	-	500,000
Returned grant funds	44,422	20,325
Bank interest	62,363	34,665
	1,297,919	1,851,466
Expenditures:		
Research grants (Note 3(b)):		
University of Manitoba on behalf of grantees	1,367,483	1,294,835
University of Arizona on behalf of grantee	-	11,795
University of Maryland on behalf of grantee	12,265	-
	1,379,748	1,306,630
Administration expenses, Schedule 1, Note 6	55,603	50,237
	1,435,351	1,356,867
Revenues (under) over expenditures (Exhibit C)	$ (137,432)	$ 494,599

EXHIBIT C

THE MANITOBA HEALTH RESEARCH COUNCIL

Statement of the Manitoba Health Research Council Fund for the year ended March 31, 1989

	1989	1988
Reserve for Future Research Fund Account:		
Balances, beginning of year	$ 500,000	$ -
Funds transferred from the General Fund Account	-	500,000
Funds transferred to the General Fund Account	250,000	-
Balance, end of year	250,000	500,000
General Fund Account:		
Balance, beginning of year	277,304	282,705
Revenues (under) over expenditures (Exhibit B)	(137,432)	494,599
	139,872	777,304
Funds transferred from Reserve for Future Research Fund Account	250,000	-
Funds transferred to Reserve for Future Research Fund Account	-	(500,000)
Balance, end of year	389,872	277,304
The Manitoba Health Research Council Fund, Exhibit A	$ 639,872	$ 777,304

SCHEDULE 1

THE MANITOBA HEALTH RESEARCH COUNCIL

Administration Expenses
for the year ended March 31, 1989

	1989	1988
Accounting and audit	$ 1,625	$ 1,425
Bank charges	125	160
Council and committee expenses	493	574
Insurance	125	125
Office equipment (Note 3(a))	2,132	273
Postage and delivery	995	985
Printing and stationery	1,936	3,893
Salaries and benefits	47,725	42,475
Telephone	447	327
Total administration expenses, Exhibit B Note 6	$ 55,603	$ 50,237

THE MANITOBA HEALTH RESEARCH COUNCIL

Notes to the Financial Statements
for the year ended March 31, 1989

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1. INCORPORATION AND FUNCTION

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act. The Council was established to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Council relies entirely on grants from the Province of Manitoba and the Manitoba Lotteries Foundation for continued existence.

2. CHARITABLE STATUS

The Manitoba Health Research Council is a registered charity within the meaning of the Income Tax Act.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) An accrual basis of accounting is used except for office equipment purchases, which are charged to expenditures in the year of acquisition.

(b) Research grants are charged to expenditures when funding is approved by the Council.

4. RESERVE FOR FUTURE RESEARCH FUND ACCOUNT

Subsequent to March 31, 1988, the Council received a one-time grant of $500,000 from the Government of the Province of Manitoba. This grant will be used to increase program levels and fund priority research. During the year ended March 31, 1989 the Council authorized the use of $250,000 for grant competitions.

5. FIXED ASSETS

Furniture and equipment has an estimated useful life of 5 years. The Council purchased fixed assets and charged the following costs to operations:

1989 -	$ 1,924
1988 -	-
1987 -	262
1986 -	751
1985 -	785
Previously -	7,103

6. ADMINISTRATION EXPENSES

Facilities are provided free of charge from the University of Manitoba. Legal services, when required, are provided free of charge from Legislative Council. The value of these services has not been determined.

Manitoba

MANITOBA HEALTH SERVICES COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B, C and Schedule 1, of the Manitoba Health Services Commission for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

June 23, 1989,
Winnipeg, Manitoba.

MANITOBA HEALTH SERVICES COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1989
(With 1988 Figures for Comparison)

ASSETS

	1989	1988
	(thousands of dollars)	
Cash on hand and in bank	$ 6,191	$ 6,538
Funds on deposit, Government of the Province of Manitoba	58,465	56,541
Accounts receivable:		
Government of the Province of Manitoba (Note 6)	625	554
Other Provinces and Territories	7,528	5,743
Other	637	2,093
	8,790	8,390
Land, buildings, furniture and equipment at nominal value of one dollar (Note 1)	-	-
	73,446	71,469
Funds held in trust re debenture trust agreements (per contra) (Note 2)	22,599	20,439
	$ 96,045	$ 91,908

The accompanying notes are an integral part of the financial statements.

LIABILITIES

	1989	1988
	(thousands of dollars)	
Accounts payable and accrued charges:		
Hospital and personal care home services:		
Liability for unreported claims	$ 4,909	$ 3,834
Estimated adjustment payments under section 60(2) of The Health Services Insurance Act and other costs, net	29,846	19,094
	34,755	22,928
Medical services claims (Note 7)	25,105	34,613
Pharmacare claims	9,189	10,154
Ambulance grants	739	283
Air ambulance	86	60
Northern patient transportation claims	175	82
Other health services claims	1,866	1,790
General	821	874
	72,736	70,784
Working capital account, Statement C	710	685
	73,446	71,469
Funds held in trust re debenture trust agreements (per contra)	22,599	20,439
	$ 96,045	$ 91,908

Statement B

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 1989

(With 1988 Figures for Comparison)

	1989	1988
	(thousands of dollars)	
Revenue:		
Grants from the Government of the Province of Manitoba	$ 1,288,866	$ 1,206,028
Third party recoveries (Note 1)	5,534	3,658
Miscellaneous income	218	48
Total revenue	$ 1,294,618	$ 1,209,734
Expenditure:		
Hospital services:		
Hospitals within the Province	$ 770,601	$ 720,607
Hospitals outside the Province	18,165	14,466
	788,766	735,073
Medical services (Note 7)	229,235	226,084
Personal care home services	189,733	169,093
Pharmacare program	40,390	37,428
Ambulance program	4,199	2,310
Air ambulance program (Note 4)	3,104	2,742
Northern patient transportation program	2,744	2,773
Other health services (Note 5)	17,827	16,660
Administrative expenses, Schedule 1	18,595	17,556
Total expenditure	$ 1,294,593	$ 1,209,719
Revenue over expenditure, Statement C	$ 25	$ 15

The accompanying notes are an integral part of the financial statements.

Statement C

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF WORKING CAPITAL ACCOUNT

FOR THE YEAR ENDED MARCH 31, 1989

(With 1988 Figures for Comparison)

	1989	1988
	(thousands of dollars)	
Balance, beginning of year	$ 685	$ 670
Add, revenue over expenditure, Statement B	25	15
Balance, end of year, Statement A	$ 710	$ 685

The accompanying notes are an integral part of the financial statements.

Schedule 1

MANITOBA HEALTH SERVICES COMMISSION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1989
(With 1988 Figures for Comparison)

	1989	1988
	(thousands of dollars)	
Salaries and employee benefits	$ 12,443	$ 11,818
Office equipment	2,771	2,468
Professional services	641	766
Stationery and office supplies	612	560
Postage, express and delivery	436	404
Pension payments (Note 1)	422	383
Health and post-secondary education tax levy	283	260
Telephone	212	199
Maintenance of land, building and office equipment	182	173
Grant in lieu of realty taxes	180	173
Travel	119	115
Utilities	107	99
Building renovations	71	23
Bank charges	66	66
Miscellaneous	31	39
Commissioners' remuneration	19	10
	$ 18,595	$ 17,556

The accompanying notes are an integral part of the financial statements.

MANITOBA HEALTH SERVICES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1989

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis of accounting except for the following:

(i) PENSION

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to expense as incurred. A provision is not made in the accounts to fund current or past service obligations of the Commission to the Civil Service Superannuation Fund. On the basis of an actuarial report issued in January, 1988, the unfunded provision for the Commission's employees amounted to $16,992,500 as at December 31, 1988 ($14,939,500 as at December 31, 1987).

(ii) THIRD PARTY RECOVERIES

Third party recoveries are recorded on a cash basis.

(iii) INVENTORIES

Purchases of supplies are charged to operating expenditures as incurred. The Commission does not record the value of supplies on hand as an asset.

(iv) LAND, BUILDINGS, FURNITURE AND EQUIPMENT

Land, buildings, furniture and equipment are charged to operating expenditures in the year of acquisition. As at March 31, 1989, the Commission owns the following fixed assets:

1. Land and buildings of the Rehabilitation Centre for Children, Inc.
2. Land on which the building owned by the Manitoba Adolescent Treatment Centre Inc. is located.
3. Land and buildings of the Deer Lodge Centre Inc.
4. Land and buildings of the Rideau Park Personal Care Home Inc.
5. Land acquired for future development of a health care facility.
6. Diagnostic equipment located in the provincial laboratory and x-ray units throughout the Province.
7. Furniture and equipment located in the administration building.

The Commission is in the process of effecting the transfer of title to its administration building and land to Manitoba Properties Inc. The Commission retains its use of and control over these assets.

NOTE 2. FUNDS HELD IN TRUST RE DEBENTURE TRUST AGREEMENTS

At March 31, these funds were on deposit as follows:

	1989	1988
	(thousands of dollars)	
Bank	$ 19,241	$ 17,043
Government of the Province of Manitoba	3,358	3,396
	$ 22,599	$ 20,439

NOTE 3. CAPITAL FINANCING

Hospitals and personal care homes have obtained financing for capital projects by issuing debentures, or arranging for mortgages or long-term bank loans. The Hospital Capital Financing Authority, which was established in 1972, approves the issue of all securities and assists in obtaining an orderly market for the sale of the securities to finance these capital expenditures. Although this indebtedness is not guaranteed by the Commission, funds required for the payment of principal and interest related to approved capital debt incurred for the construction and acquisition of capital assets for the provision of insured services are included in the Commission's expenditures. For the year ended March 31, 1989, the amount related to principal and interest payments included in the expenditures for hospital and personal care home services shown on Statement B was $82,759,000 ($67,661,000 for the year ended March 31, 1988).

As at March 31, 1989, the approved outstanding capital debt in Canadian dollars of hospitals and personal care homes was $429,327,000 ($404,396,000 as at March 31, 1988).

In addition to the approved outstanding capital debt, lines of credit up to $72,458,000 ($72,445,000 as at March 31, 1988) have been approved to finance capital projects in process. On completion of these projects, the borrowings will be converted to long-term debt.

NOTE 4. LEASE COMMITMENT

Effective November 1, 1985, the Commission entered into a lease purchase agreement for the acquisition of an aircraft for the air ambulance program. The interest rate for the lease is equal to the monthly bank prime rate.

Based on a 10% average monthly prime interest rate, the future annual lease payments will be:

	Annual Lease Payments (thousands of dollars)
Year Ending March 31, 1990	1,044
April 1, 1990 to October 31, 1990	609
	$ 1,653

Under the terms of the lease, the Commission has the option to purchase the aircraft on November 1, 1990 at a price of $1,217,000, or to continue to lease the aircraft for an additional 16 months at $81,000 per month.

NOTE 5. OTHER HEALTH SERVICES

This group of expenditures consists of:

	1989	1988
	(thousands of dollars)	
Optometric	$ 5,475	$ 5,357
Chiropractic	9,011	8,132
Prosthetic and Orthotic	3,341	3,171
	$ 17,827	$ 16,660

NOTE 6. MANITOBA CHILDREN'S DENTAL PROGRAM

Effective April 1, 1985, the Commission assumed responsibility for processing and payment of claims under the Manitoba Children's Dental Program. The Department of Health is responsible for the establishment of policy for the administration of the program and for providing the Commission with funds for the payment of approved claims.

For the year ended March 31, 1989, the Commission paid claims for approved services amounting to $1,350,000 ($1,465,000 for the year ended March 31, 1988). Of this amount, $982,000 ($1,012,000 for the year ended March 31, 1988), was recovered from the Department of Health during the year ended March 31, 1989. The balance of $368,000 is included in accounts receivable - Government of the Province of Manitoba as at March 31, 1989 ($453,000 as at March 31, 1988). These payments and recoveries have been excluded from the statement of revenue and expenditure.

The Commission's direct administrative costs for processing the payment of claims are not recovered from the Department. These costs amounted to approximately $147,000 for the year ended March 31, 1989 ($141,000 for the year ended March 31, 1988).

NOTE 7. The prior period comparable figures include an overestimate in the liability for the medical services claims of $3,118,000 as at March 31, 1988. This has resulted in an understatement of the 1989 expenditure for medical services and an overstatement of the 1988 expenditure for medical services by this amount. Had the medical services expenditure been restated in Statement B they would be as follows:

	1989	1988
	(thousands of dollars)	
Medical services	$232,353	$222,966

The 1988 working capital account balance is also understated by $3,118,000.

Manitoba

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Manitoba Hospital Capital Financing Authority for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Hospital Capital Financing Authority as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

October 31, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Current assets		
Accrued interest	$ 148,463	$ 163,955
Investments, at cost, Schedule 1	3,457,500	3,853,500
	$ 3,605,963	$ 4,017,455
LIABILITIES		
Current liabilities		
Accrued debenture interest	$ 148,463	$ 163,955
Debentures payable, Schedule 2	3,457,500	3,853,500
	$ 3,605,963	$ 4,017,455

EXHIBIT B

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Statement of Income and Expenditure
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Income:		
Interest earned on investments	$ 430,053	$ 477,193
Expenditure:		
Debenture interest	430,053	477,193
Excess of income over expenditure	$ -	$ -

SCHEDULE 1

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 1989
(with 1988 figures for comparison)

	Interest Rate (%)	1989	1988
Serial debentures issued by:			
Personal Care Homes	9.50	$ -	$ 22,500
	9.75	-	40,500
	10.00	741,000	752,500
Selkirk Linen Services Inc.	11.125	717,500	820,000
	13.625	643,000	685,000
	15.75	306,000	368,000
West - Manitoba Regional Laboratory Services Inc.	9.75	-	85,000
	10.00	850,000	850,000
Parkland Regional Hospital Laundry Ltd.	15.75	200,000	230,000
Investments, Exhibit A		$ 3,457,500	$ 3,853,500

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable
as at March 31, 1989
(with 1988 figures for comparison)

Series Number	Interest Rate (%)	Year of Maturity	1989	1988
1A	11.125	1989-1995	$ 717,500	$ 820,000
2A	10.00	1989-1998	115,000	126,500
3A	9.50	1988	-	22,500
3B	10.00	1989-1998	225,000	225,000
3D	9.75	1988	-	125,500
3E	10.00	1989-1998	1,251,000	1,251,000
4A	15.75	1989-1993	306,000	368,000
4B	15.75	1989-1995	200,000	230,000
5A	13.625	1989-2004	643,000	685,000
Debentures payable, Exhibit A			$ 3,457,500	$ 3,853,500

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Notes to Financial Statements
March 31, 1989

1. Nature of the Authority

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities, and

iii) to purchase securities issued by health care facilities with money borrowed by the Authority.

Health care facilities include hospitals, non-profit personal care homes and other designated related service institutions.

2. Accounting Policy

The Authority uses the accrual basis of accounting.

3. Investment and Debentures Payable

The Authority's investments in various health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies who do not qualify to purchase the health facility debentures directly.

4. Financing Approvals

There have been no securities issued since November 15, 1984.

5. Services Provided by the Province

The Province of Manitoba provides administrative services at no charge to the Authority.

Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 1989, and the statements of operations, The Manitoba Housing and Renewal Fund and changes in financial position and the schedule of housing program subsidies for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989, and the results of its operations and the changes in its financial position for the year then ended, in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

December 1, 1989
Winnipeg, Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 1989
(with comparative figures for 1988)

ASSETS

	1989	1988
Cash on deposit with the Minister of Finance and in bank	$ 14,057,191	$ 16,924,753
Accounts receivable and accruals (note 3)	22,143,551	18,236,841
Loans and mortgages receivable (note 4)	164,465,604	128,353,353
Investment in land and housing:		
Housing projects (note 5)	379,176,558	359,031,236
Housing investment (note 6)	14,557,630	11,887,017
Land inventory (note 7)	22,484,297	26,459,002
Renewal scheme (note 8)		67,272
	416,218,485	397,444,527
Corporate fixed assets (note 9)	397,156	422,757
	$617,281,987	$561,382,231

LIABILITIES AND FUND BALANCE

	1989	1988
Accounts payable, holdbacks and accruals	$ 20,022,373	$ 20,951,337
Long-term land lease and rental subsidies received in advance (note 10)	208,992	213,199
Long-term debt (note 11)	608,988,458	545,206,721
The Manitoba Housing and Renewal Fund	(11,937,836)	(4,989,026)
	$617,281,987	$561,382,231

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1989
(with comparative figures for 1988)

	1989	1988
Revenue:		
Grants from the Government of the Province of Manitoba (note 13)	$32,349,413	$28,501,434
Interest from sinking fund and funds held by the Minister of Finance (note 12)	2,976,598	1,985,074
Churchill Propane Distribution System, net proceeds	237,487	569,031
Other	306	45,807
	35,563,804	31,101,346
Expenditure: (note 1)		
Interest on demand notes	25,300,862	20,620,126
Less - Interest applied to construction of housing projects, land inventory and housing program subsidies	9,264,816	8,608,556
- Interest earned on loans and mortgages	13,649,770	11,481,905
Interest on demand notes not applied or recovered	2,386,276	529,665
Rent Supplement Program:		
Rent supplement and administration expenditures	3,541,256	3,340,539
Less - recovery from CMHC	1,791,842	1,598,890
Net program subsidies	1,749,414	1,741,649
Residential Rehabilitation Assistance Program:		
Loan forgiveness (note 2b)	1,954,075	1,249,087
Less - recovery from CMHC	1,479,806	936,724
	474,269	312,363
Amortization of renewal schemes	47,162	80,898
Co-op HomeStart Program Assistance	546,401	418,052
Critical Home Repair Program (note 14)	919,328	953,175
Depreciation of corporate fixed assets (note 9)	22,841	27,092
Manitoba Seniors RentalStart Program:		
Interest	235,747	
Loan forgiveness (note 2b)	3,919,799	
Mortgage subsidies	126,694	160,666
Net loss on housing projects and land sales	222,512	145,972
Non-profit housing corporations:		
Interest	262,245	228,450
Loan forgiveness (note 2c)		73,268
Non-Profit Housing Program, per schedule	2,468,528	1,850,701
Provision for loss on land (note 7)	6,428,978	3,885,196
Provision for loss on loans and mortgages	2,963,287	1,385,713
Rural and Northern Housing Program, per schedule	3,856,740	3,327,058
Urban and Rural Housing Programs, per schedule	15,476,661	14,571,965
Urban Native Non-Profit Housing Program	405,732	232,867
	42,512,614	29,924,750
Revenue (under) over expenditure transferred to The Manitoba Housing and Renewal Fund	$(6,948,810)	$ 1,176,596

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF THE MANITOBA HOUSING AND RENEWAL FUND
YEAR ENDED MARCH 31, 1989
(with comparative figures for 1988)

	1989	1988
Balance at beginning of year	$(4,989,026)	$ 239,933
Less - adjustment to reflect changes in accounting policies		6,405,555
Balance as restated	(4,989,026)	(6,165,622)
Add - revenue (under) over expenditure	(6,948,810)	1,176,596
Balance at end of year	$(11,937,836)	$(4,989,026)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1989
(with comparative figures for 1988)

	1989	1988
Cash provided by (used for):		
Operating activities:		
Revenue (under) over expenditure	$(6,948,810)	$ 1,176,596
Items not involving cash:		
Depreciation and amortization	2,118,990	2,011,901
Provision for loss on land	6,428,978	3,885,196
Provision for loss on loans and mortgages	2,963,287	1,385,713
	4,562,445	8,459,406
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	(3,906,710)	(6,108,685)
Accounts payable, holdbacks and accruals	(928,964)	2,499,890
	(273,229)	4,850,611
Financing activities:		
Increase in long-term debt	94,460,579	84,780,328
Repayment of long-term debt	(30,678,842)	(35,180,374)
	63,781,737	49,599,954
Investing activities:		
Additions to land and housing	(36,802,117)	(46,510,877)
Less - recovery of CMHC share	4,751,539	4,929,299
	(32,050,578)	(41,581,578)
Additions to loans and mortgages	(59,801,100)	(51,031,495)
Net proceeds from disposal of land and housing	4,982,813	9,867,597
Net proceeds from repayment of loans and mortgages	20,492,795	29,753,136
	(66,376,070)	(52,992,340)
(Decrease) Increase in cash	(2,867,562)	1,458,225
Cash at beginning of year	16,924,753	15,466,528
Cash at end of year	$14,057,191	$16,924,753

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF HOUSING PROGRAM SUBSIDIES
YEAR ENDED MARCH 31, 1989
(with comparative figures for 1988)

	1989	1988
Non-Profit Housing Program:		
Rental revenue	$ 6,335,921	$ 4,022,648
Expenditure:		
Property operating expenses	3,151,595	1,912,338
Grants in lieu of Municipal taxes	1,898,471	1,294,869
Administration	453,070	345,596
Depreciation and interest	10,874,273	8,260,366
	16,377,409	11,813,169
Operating Loss	10,041,488	7,790,521
Less - CMHC share of operating loss	7,572,960	5,939,820
Net program subsidies	$ 2,468,528	$ 1,850,701
Rural and Northern Housing Program:		
MHRC administered units:		
Rental revenue	$ 2,068,877	$ 1,832,661
Expenditure:		
Property operating expenses	1,211,425	1,064,291
Grants in lieu of Municipal taxes	432,918	411,523
Administration	578,857	432,105
Depreciation and interest	7,749,995	7,089,018
	9,973,195	8,996,937
Operating Loss	7,904,318	7,164,276
Less - CMHC share of operating loss	5,933,640	5,372,877
	1,970,678	1,791,399
CMHC administered units:		
MHRC share of operating loss	1,886,062	1,535,659
Net program subsidies	$ 3,856,740	$ 3,327,058
Urban and Rural Housing Programs:		
Rental revenue	$38,701,267	$35,467,289
Expenditure:		
Property operating expenses	24,820,372	23,027,807
Grants in lieu of Municipal taxes	12,927,323	12,330,577
Administration	4,221,029	4,044,202
Depreciation and interest	25,607,863	24,143,659
	67,576,587	63,546,245
Operating Loss	28,875,320	28,078,956
Less - CMHC share of operating loss	13,398,659	13,506,991
Net program subsidies	$15,476,661	$14,571,965

THE MANITOBA HOUSING AND RENEWAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1989

1. Nature of the Corporation

The Manitoba Housing and Renewal Corporation (MHRC) was established as a Crown Corporation by The Housing and Renewal Corporation Act on June 21, 1967. The objective of the Corporation is to improve standards of living accommodation in the Province of Manitoba and to assist residents to obtain living accommodation of reasonable standards.

Administrative services are provided by the Department of Housing, Province of Manitoba. Costs of these administrative services are $7,312,000 (1988 - $6,918,000) and are not reflected in these financial statements except for administrative charges amounting to $2,963,000 (1988 - $2,439,000) which are cost shared with the Canada Mortgage and Housing Corporation (CMHC).

The Corporation is economically dependent on the Government of the Province of Manitoba.

2. Significant accounting policies

a) The Corporation's financial statements are prepared using the accrual basis of accounting except for the discounts on sinking fund investments. Discounts obtained at the time of acquisition are taken into income on maturity of the related investments which are recorded at cost.

2. Significant accounting policies (continued)

b) Loan forgiveness under the Critical Home Repair Program, the Manitoba Seniors RentalStart Program and the Residential Rehabilitation Assistance Program is approved in accordance with the terms of the loan agreement and charged to operations, net of a recovery from CMHC for the Residential Rehabilitation Assistance Program, in the year that the loan is granted.

c) The Corporation participates in a CMHC administered program for non-profit corporations. Payments are issued as forgivable loans and the forgiveness conditions require that the project operate under CMHC guidelines throughout the term of the related operating agreement. Loan forgiveness is earned by the non-profit corporations in equal annual amounts over the period of the related operating agreements. The Corporation recognizes the full amount of the forgivable loans as an operating expenditure in the year they are granted.

d) Valuation, depreciation and amortization are described in subsequent notes as follows:

Housing projects - note 5
Housing investments - note 6
Land inventory - note 7
Renewal scheme - note 8
Corporate fixed assets - note 9

3. Accounts receivable and accruals

	1989	1988
Canada Mortgage and Housing Corporation	$16,937,936	$ 9,840,829
Government of the Province of Manitoba and its agencies	593,125	4,944,601
Other - net of allowance (1989 - $327,057, 1988 - $211,207)	4,612,490	3,451,411
Accounts receivable and accruals	$22,143,551	$18,236,841

4. Loans and mortgages receivable

	1989	1988
Homes in Manitoba Programs:		
Affordable New Homes Program	$ 19,724,167	$ 31,203,490
Core Area Infill Housing Program	4,402,313	4,901,016
Buy and Renovate Housing Program	2,229,158	2,889,038
Builder Developer Housing Program	425,706	723,598
	26,781,344	39,717,142
Manitoba RentalStart Programs:		
Manitoba Urban RentalStart Program	41,458,900	31,900,235
Manitoba Rural RentalStart Program	3,567,752	2,344,201
Manitoba Seniors RentalStart Program	15,728,585	927,974
	60,755,237	35,172,410
Residential Rehabilitation Assistance Program	637,711	187,129
Less - financing provided by CMHC	478,283	147,695
	159,428	39,434
Rural and Northern Housing Program	5,042,212	5,629,558
Less - financing provided by CMHC	3,760,577	4,204,885
	1,281,635	1,424,673
Aspen Park Condominiums	1,540,095	1,711,207
Core Area Home Renovation Program	27,956	
Community Residences Program	11,682,615	7,730,099
Cooperative HomeStart Program	20,411,336	16,525,661
Cooperative Share Equity Loan Program	26,698	
Carried Forward	$122,666,344	$102,320,626

	1989	1988
4. Loans and mortgages receivable (continued)		
Brought Forward	$122,666,344	$102,320,626
Critical Home Repair Program	1,054,751	1,128,542
Lease/purchase land agreements	1,442,584	2,558,008
North Logan Redevelopment	419,457	463,113
Private Non-Profit Housing Program	17,834,303	5,220,149
The Pas Mobile Home Subdivision	91,424	141,930
Urban Native Non-Profit Housing Program	24,754,585	17,518,066
Other	1,156	2,919
	168,264,604	129,353,353
Less - allowance for doubtful accounts	3,799,000	1,000,000
	164,465,604	128,353,353
Forgivable loans:		
Residential Rehabilitation Assistance Program	3,063,674	1,249,087
Less - recovery from CMHC	2,297,755	936,724
	765,919	312,363
Critical Home Repair Program	1,564,500	1,381,520
Manitoba Seniors RentalStart Program	3,919,799	
Non-Profit Housing Corporation	2,112,830	2,180,196
	8,363,048	3,874,079
Less - valuation allowance	8,363,048	3,874,079
Loans and mortgages receivable	$164,465,604	$128,353,353

4. Loans and mortgages receivable (continued)

The Corporation has established an asset valuation allowance equal to the unearned portion of forgivable loans which effectively reduces the value of these loans to nil. As forgiveness conditions are met by the individual clients and non-profit corporations the Corporation records the annual forgiveness earned in accordance with the terms of the loan agreement thereby reducing the forgivable loan and the concomitant valuation allowance.

Mortgages under the Homes in Manitoba Programs are administered by both outside lending institutions and by MHRC. Those administered by outside lending institutions, amounting to $19,476,356 (1988 - $30,856,411), are insured by CMHC or the Mortgage Insurance Company of Canada. Those administered by MHRC, amounting to $7,304,988 (1988 - $8,860,731), and Aspen Park Condominiums are assessed a fee which is set aside in a fund to provide for any related expenses in the event of default by a mortgagor. This fund is included with accounts payable and is summarized as follows:

	1989	1988
Balance at beginning of year	$211,260	$182,954
Add - insurance fees assessed and interest	22,056	28,306
Balance at end of year	$233,316	$211,260

5. Housing projects

	1989	1988
Rural and Northern Housing Program:		
Completed - for rent	$ 31,173,789	$ 30,287,423
- for sale	7,039,053	6,269,012
Under construction	689,805	828,965
Upgrading programs - deferred capital costs	327,917	291,946
	39,230,564	37,677,346
Less - financing provided by CMHC	29,149,001	28,096,953
	10,081,563	9,580,393
Other Urban and Rural Housing Programs:		
Completed	359,346,958	343,277,404
Under construction	5,126,910	4,596,536
Upgrading programs - deferred capital costs	8,266,239	2,620,632
	372,740,107	350,494,572
Less - financing provided for upgrading programs by CMHC	3,645,112	1,043,729
	369,094,995	349,450,843
Housing projects	$379,176,558	$359,031,236

Completed housing projects are valued at capitalized cost less depreciation.

Projects under construction are valued at capitalized cost which includes direct construction costs, land acquisition, interest, grants in lieu of taxes and an administrative fee charged by the Department of Housing, Province of Manitoba.

5. Housing projects (continued)

The upgrading programs relate to rehabilitation and improvement costs incurred on rental units for the Urban and Rural Housing Programs and the Rural and Northern Housing Program. The rehabilitation costs are depreciated over the remaining term of the original mortgage for the Rural and Northern Housing Program and the improvement costs on a straight-line basis over ten years for the Urban and Rural Housing Programs and the Rural and Northern Program.

Under the Rural and Northern Housing Program depreciation is based on the imputed principal repayment equivalent to that of 100% debt financing with CMHC rates. Depreciation under other urban and rural housing programs is based on the actual principal repayment of the related debt.

Depreciation on housing projects is included as an expenditure in housing program subsidies.

6. Housing investment

Housing investment represents joint venture projects under the Rural and Northern Housing Program which are being administered by CMHC. The investment balance represents MHRC's share and is valued at capitalized cost less depreciation which is equal to the annual principal repayment of the related debt as determined by CMHC. Depreciation is included as an expenditure in the Rural and Northern Housing Program.

7. Land inventory

	1989	1988
Under development	$ 1,764,041	$ 6,404,380
Future development or sale	53,391,743	56,239,275
Leased land	1,767,405	1,798,209
	56,923,189	64,441,864
Accumulated loss provision	34,438,892	37,982,862
Land inventory, net	$22,484,297	$26,459,002

The change to the accumulated loss provision account is as follows:

	1989	1988
Balance at beginning of year	$37,982,862	$36,176,502
Add - provision for loss on land	6,428,978	3,885,196
Less - losses realized	9,972,948	2,078,836
Balance at end of year	$34,438,892	$37,982,862

Land inventory is valued at the lower of capitalized cost or appraised value adjusted for estimated disposition costs and contingencies. Capitalized cost includes acquisition costs, interest, planning and development costs, grants in lieu of taxes where applicable, less revenue derived from use of undeveloped land.

8. Renewal scheme

The renewal scheme is valued at cost less amortization. Amortization is based on the actual principal repayment of the related debt.

9. Corporate fixed assets

	1989			1988
	COST	ACCUMULATED DEPRECIATION	NET	NET
Land	$ 71,900	$	$ 71,900	$ 71,900
Buildings	357,337	100,873	256,464	264,868
Office furnishings	500,251	432,224	68,027	85,033
Construction equipment	20,607	19,842	765	956
Corporate fixed assets	$950,095	$552,939	$397,156	$422,757

Corporate fixed assets are valued at cost less depreciation provided on the following bases:

Buildings - straight-line, based on a 10 and 50 year useful life or if funded by specific long-term debt based on the annual principal repayment of the related debt, amortized over 50 years.

Office furnishings and construction equipment - 20% of the undepreciated balance.

Depreciation in the amount of $22,841, (1988 - $27,092) is reflected as a separate corporate expenditure and depreciation in the amount of $2,761 (1988 - $2,581) is included as an expenditure in the urban and rural housing programs.

10. Long-term land lease and rental subsidies received in advance

	1989	1988
Long-term land lease prepaid, expiring in 2039	$ 77,820	$ 79,359
Long-term rental subsidies received in advance from sponsors	131,172	133,840
Long-term land lease and rental subsidies	$208,992	$213,199

11. Long-term debt

	1989	1988
Government of the Province of Manitoba:		
Demand notes payable (convertible to long-term advances), at prime interest rates or fixed rates from 8 7/8% to 13 1/2 %	$220,203,983	$194,722,236
Long-term advances, at rates from 8.28% to 14.50% maturing at various dates to 2029 and requiring annual payments of $19,657,127 (1988 - $15,367,752) toward principal and interest	176,994,754	132,863,075
Canada Mortgage and Hpusing Corporation:		
Long-term advances - housing and land, at rates from 6 7/8% to 11% maturing at various dates to 2030 and requiring annual payments of $23,352,545 (1988 - $22,842,263) towards principal and interest	228,524,203	229,368,442
- renewal scheme, at a rate of 8 1/4% matured in 1989 and required a payment of $72,937 (1988 - $72,937) towards principal and interest		67,272
	625,722,940	557,021,025
Less: Sinking fund on deposit with the Government of the Province of Manitoba (note 12)	20,293,278	16,767,952
	605,429,662	540,253,073
Mortgages payable (assumed on property acquisitions), at rates from 5 1/8% to 14 1/4% maturing at various dates to 2028 and requiring annual payments of $369,484 (1988 - $484,574) towards principal and interest	3,558,796	4,953,648
Long-term debt	$608,988,458	$545,206,721

12. Sinking fund

	1989		1988	
	PAR VALUE	COST	PAR VALUE	COST
Bonds: (note 2a)				
Manitoba Hydro - Electric Board	$ 8,016,000	$ 6,599,060	$ 8,156,000	$ 6,618,561
Manitoba Telephone System	1,526,000	1,098,998	1,483,000	1,061,200
Government of the Province of Manitoba	3,867,000	3,813,850	3,496,000	3,454,465
Alberta Government Telephones Commission	2,000,000	1,785,000	2,000,000	1,785,000
	$15,409,000	13,296,908	$15,135,000	12,919,226
Cash, interest bearing		6,996,370		3,848,726
Sinking fund		$20,293,278		$16,767,952

MHRC is required to maintain a sinking fund on deposit with the Minister of Finance for the purpose of retiring at maturity, long-term debt which does not require annual principal repayments. The required minimum annual payment to the sinking fund must equal 4% of the sinking fund balance as at the end of the preceding fiscal year plus 1% of the advances and borrowings of MHRC other than those secured by a first mortgage on land or by an agreement or debenture that provides for the retirement of the debt by annual repayments of principal and interest. Income earned on sinking fund investments of $1,868,474 (1988 - $1,273,552) is paid to MHRC and all or a portion of the income earned is set aside in the sinking fund in addition to the minimum statutory requirement.

13. Grants from the Government of the Province of Manitoba

	1989	1988
Department of Housing:		
- MHRC operating programs	$30,102,100	$26,720,782
- Sinking fund	2,247,313	1,780,652
Grant Revenue	$32,349,413	$28,501,434

14. Critical Home Repair Program

	1989	1988
Loan forgiveness (note 2b)	$708,503	$635,844
Interest allocated	210,550	271,944
Other	275	45,387
	$919,328	$953,175

15. Commitments

The Corporation is committed to expend $58,066,576 (1988 - $88,979,789) for completion of housing under construction and for approved mortgage applications.

16. Contingencies

The Corporation is a party to certain litigation arising in the normal course of business, the aggregate effect of which, in the opinion of management, would not have a material effect on the Corporation's financial statements.

17. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued Letters of Credit guaranteeing the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

	1989	1988
Mobile Home Loan Guarantee Program	$11,538,852	$12,399,352
Rural Mortgage Lending Program	153,512	171,227
Other mortgage guarantees	1,020,642	1,238,067
Letters of Credit		128,000
Total Guarantees	$12,713,006	$13,936,646

A guarantee fee of 2% - 2 1/2% charged for each mortgage is paid into the Mortgage Insurance Fund. This fund is included with accounts payable and is summarized as follows:

	1989	1988
Balance at beginning of year	$440,931	$240,428
Add - net proceeds from claim settlements	17,785	52,420
- insurance fees assessed	68,855	124,384
- interest on cash	41,343	23,699
	568,914	440,931
Less - mortgage settlements paid	117,805	
Balance at end of year	$451,109	$440,931

18. Comparative figures

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

AUDITORS' REPORT

To the Manitoba Hydro-Electric Board

We have examined the balance sheet of The Manitoba Hydro-Electric Board as at March 31, 1989 and the statements of operations, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of accounting for pension costs as described in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Peat Marwick

CHARTERED ACCOUNTANTS

Winnipeg, Canada
June 5, 1989

Balance Sheet

AS AT MARCH 31, 1989 (with 1988 figures for comparison)

ASSETS	1989	1988
	(thousands of dollars)	
FIXED ASSETS (Note 4)		
In service	$3 619 824	$3 496 495
Less: Accumulated depreciation	996 568	929 457
	2 623 256	2 567 038
Construction in progress	918 077	675 323
	3 541 333	3 242 361
CURRENT ASSETS		
Temporary investments	311 000	228 000
Accounts receivable	65 126	63 900
Accrued revenue and interest receivable	41 709	32 189
Materials and supplies, at average cost	35 849	32 247
	453 684	356 336
OTHER ASSETS		
Deferred pension expense (Note 2)	176 964	–
Deferred expenses and advances (Note 5)	213 721	233 346
	390 685	233 346
	$4 385 702	$3 832 043

Approved on behalf of the Board:

John S. McCallum

Chairman

Vice-Chairman

LIABILITIES AND RESERVES

	1989	1988
	(thousands of dollars)	
LONG-TERM DEBT (Note 6)	$3 341 141	$3 213 030
CURRENT LIABILITIES		
Bank balances	8 084	3 415
Accounts payable and accrued liabilities	85 880	73 294
Notes payable, due within one year	109 287	–
Accrued interest	96 951	98 502
Current portion of long-term debt (Note 6)	314 298	229 655
	614 500	404 866
DEFERRED LIABILITIES	22 194	18 750
PENSION OBLIGATION (Note 2)	200 326	–
DEFERRED CREDITS (Note 7)	115 163	76 583
RESERVES (Note 9)	92 378	118 814
	$4 385 702	$3 832 043

The accompanying notes are an integral part of the financial statements.

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 1989 (with 1988 figures for comparison)

	1989	1988
	(thousands of dollars)	
REVENUES		
Sale of power		
Manitoba	$570 862	$508 345
Extraprovincial	31 142	66 024
Other revenue	7 497	5 933
	609 501	580 302
EXPENSES		
Operating and administrative (Note 2)	229 691	203 728
Depreciation—plant	82 620	80 109
Water rentals	22 867	26 220
Fuel and power purchased	59 049	35 330
	394 227	345 387
Net income before finance expense	215 274	234 915
FINANCE EXPENSE (Note 3)	241 710	253 408
NET EXPENSE	$ 26 436	$ 18 493

The accompanying notes are an integral part of the financial statements.

Statement of Reserves

FOR THE YEAR ENDED MARCH 31, 1989 (with 1988 figures for comparison)

	1989			1988
	(thousands of dollars)			
	Contingency and General	Rate Stabilization	Total	Total
BALANCE—BEGINNING OF YEAR	$137 277	$(18 463)	$118 814	$137 307
Net expense transferred from operations	—	(26 436)	(26 436)	(18 493)
BALANCE—END OF YEAR	$137 277	$(44 899)	$ 92 378	$118 814

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

FOR THE YEAR ENDED MARCH 31, 1989 (with 1988 figures for comparison)

	1989	1988
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash from operations		
Net expense	$(26 436)	$(18 493)
Depreciation—plant	82 620	80 109
Amortization of debt discount and expense	7 097	4 926
Amortization of foreign exchange	(4 441)	(3 389)
Pension expense	23 362	—
Other	(2 489)	(1 324)
Non-cash working capital change	(5 445)	19 076
Cash provided by operating activities	74 268	80 905
FINANCING ACTIVITIES		
Proceeds from long-term debt	484 140	624 245
Retirement of long-term debt	(179 311)	(107 704)
Contributions and advances in aid of construction	31 303	8 537
Increase (decrease) in notes payable	109 287	(44 510)
Sinking fund payment	(50 350)	(45 409)
Deferred cost of matured forward exchange contracts	—	7 548
Other	1 369	2 879
Cash provided by financing activities	396 438	445 586
INVESTING ACTIVITIES		
Additions to fixed assets	(380 075)	(311 009)
Other assets	(12 300)	(6 096)
Cash used in investing activities	(392 375)	(317 105)
INCREASE IN CASH	78 331	209 386
CASH AT BEGINNING OF YEAR	224 585	15 199
CASH AT END OF YEAR	$302 916	$224 585

The components of cash are bank balances and temporary investments.

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
FOR THE YEAR ENDED MARCH 31, 1989

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles as established in Canada.

a) **Fixed Assets**

Fixed assets are stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Finance expense is allocated to construction until a facility becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. The cost of plant removed plus removal costs less salvage value is charged to accumulated depreciation.

Main facilities of major projects under construction become operational on a progressive basis. As such facilities become operational, related construction costs and a pro rata share of related common properties are transferred to plant in service. Once the transfer to plant in service is made, finance expense allocated to construction ceases and depreciation and finance expense charged to operations commences.

Depreciation is provided on a straight-line remaining life basis. The major components of generating stations are depreciated over the lesser of the remaining life of the major component or the remaining life of the associated generating station.

As a result of a depreciation review completed in 1989, the estimated service lives of the assets were revised to reflect current experience. No significant change in depreciation expense for 1989 resulted from this revision.

The range of the estimated service lives of components within each major asset category is as follows:

Hydro-electric generation	40-100 years
Thermal-electric generation	35-40 years
Transmission lines and stations	20-80 years
Distribution lines	10-60 years

b) **Foreign Exchange:**

Long-Term Debt

The translation of foreign long-term debt and the extent to which Manitoba Hydro is responsible for the resulting translation gains or losses has been established by the Energy Rate Stabilization Act. The Act, which came into force April 1, 1979 and was amended April 1, 1987, sets out the Corporation's obligations on foreign long-term debt as follows (see Note 10):

i) **Foreign Long-Term Debt Transacted After March 31, 1987**

Manitoba Hydro is responsible for translation gains or losses associated with all foreign borrowings transacted after March 31, 1987.

Long-term debt is translated into Canadian currency at the rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses are amortized on a straight-line basis over the remaining life of the related debt and together with realized exchange gains or losses are credited or charged to operations.

ii) **Foreign Long-Term Debt Transacted Prior to April 1, 1987**

a) Foreign debt other than United States:

The Province of Manitoba is responsible for the translation gains or losses associated with foreign debt denominated in currencies other than United States transacted prior to April 1, 1987.

The Province of Manitoba has relieved the Corporation of the costs associated with this foreign debt by replacing it with the Canadian equivalent costs based on Canadian rates for similar terms as at the date the debt was incurred. Had the Province of Manitoba not assumed the cost of this foreign debt, the valuation of the long-term debt of the Corporation as at March 31, 1989 would have been increased by approximately $140.2 million (1988—$330.0 million) when translated at the year-end rates of exchange. The Province of Manitoba confirmed that the amount charged to the Energy Rate Stabilization Act appropriation in the current year was $44.1 million (1988—$83.9 million).

b) United States debt:

Effective April 1, 1987 the foreign exchange risks associated with United States debt were transferred by the Province of Manitoba to Manitoba Hydro and accordingly the Corporation assumed responsibility for the translation gains or losses associated with this debt. The Province of Manitoba retains the obligation to pay up to the amounts that have been provided in the Province's accounts in respect of United States debt to March 31, 1987. The translation gains or losses for which the Province is responsible are recorded as deferred expenses and advances on the balance sheet. The Province's obligation amounts to approximately $127.4 million based on rates of exchange prevailing at March 31, 1989 (1988—$136.9 million). These amounts will be disbursed at the maturity dates of the respective United States issues dependent upon exchange rates prevailing at the maturity dates to a maximum of $152.5 million at March 31, 1989 (1988—$152.5 million).

Long-term United States debt is translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses net of the amount amortized by the Province are amortized on a straight-line basis over the remaining life of the related debt and together with realized exchange gains or losses are credited or charged to operations.

Effective April 1, 1989, the Corporation has adopted an exposure management program which will restrict the risk of foreign exchange losses by limiting the amount of net United States dollar exposure. The amortization of unrealized foreign exchange gains or losses on United States principal debt will be discontinued in recognition of the natural offset provided by future revenue streams denominated in United States dollars.

Current Assets and Current Liabilities

Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses together with realized exchange gains or losses are credited or charged to operations.

Sinking Fund Investments

Sinking fund investments denominated in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the balance sheet., except where the investments have been hedged by the Minister of Finance of the Province of Manitoba, in which case the hedged rate confirmed by the Province is used in the translation. The unrealized exchange gains or losses are amortized on a straight-line basis over the remaining life of the investment and together with realized exchange gains or losses are credited or charged to operations.

Other Transactions

Revenue and expense transactions made in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the transaction, except transactions covered by monetary contracts against exchange risks which are translated into Canadian dollars at the rates of exchange established by the contracts.

c) **Pensions**

Manitoba Hydro provides pension benefits to employees through the Manitoba Civil Service Superannuation Fund, a defined benefit plan which requires the Corporation to contribute 50% of the pension disbursements made to retired employees. In addition, the Manitoba Hydro Retirement Plan continues to provide benefits to pensioners in respect of service prior to the date each employee entered the Manitoba Civil Service Superannuation Fund.

Actuarial valuations are carried out every three years and provide an estimate of the accrued pension benefits. Based upon formulas provided by the actuaries, the present value of the unfunded accrued pension benefits resulting from the pension plans as at March 31 are:

	1989	1988
	(millions of dollars)	
Civil Service Superannuation Fund	$197.1	$179.6
Manitoba Hydro Retirement Plan	3.2	3.2

The present value of the past service benefits, to the extent not previously charged to operations, is recognized in the financial statements as a deferred pension expense and will be amortized on a sinking fund basis over a 15 year period to pension expense. The pension obligation recognized in the financial statements represents the present value of the unfunded pension liability and will be reduced by actual disbursements to retired employees.

Total pension expense for the year ended March 31, 1989 amounted to $29.3 million (1988—$5.4 million).

d) **Unamortized Debt Discount and Expense**

These costs are charged to income over the life of the respective issue.

e) **Discount on Sinking Fund Investments**

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of the investments is recorded as a premium or discount and is amortized over the remaining life of the investment. Any gain or loss on early disposal is credited or charged to operations.

f) **Unamortized Planning Studies**

These costs are charged to income over a 15 year period.

g) **Unbilled Revenue**

Revenues are accrued in respect of electricity delivered for those cycles not yet billed.

NOTE 2—CHANGE IN ACCOUNTING POLICY

Effective April 1, 1988 the Corporation adopted, on a prospective basis, a change in the method of accounting for pension costs as described in Note 1c.

Prior to April 1, 1988, the Corporation's 50% share of pension disbursements to retired employees was charged to operations as incurred and the Corporation did not make provision in the accounts to reflect current or past service obligations of the Corporation to the Civil Service Superannuation Fund.

This change in accounting policy resulted in an increase in the charge to operations of $23.3 million compared with the method used in the year ended March 31, 1988, and the recognition in the financial statements of an unfunded pension obligation of $200.3 million and unamortized deferred pension expense of $177.0 million.

NOTE 3—FINANCE EXPENSE

	1989	1988
	(thousands of dollars)	
Interest on debt	$381 992	$359 941
Amortization of foreign exchange gains or losses	(4 441)	(3 389)
Amortization of debt discount and expense	7 097	4 926
Finance expense allocated to construction	(75 831)	(58 297)
Investment income	(67 107)	(49 773)
	$241 710	$253 408

NOTE 4—FIXED ASSETS (at cost)

	1989		
	Original Cost	Accumulated Depreciation	Construction In Progress
		(thousands of dollars)	
Generation	$1 893 401	$456 677	$832 539
Transmission	246 300	70 878	10 611
Substations	744 961	207 476	28 871
Distribution	581 305	193 695	14 093
Other	153 857	67 842	31 963
	$3 619 821	$996 568	$918 077

	1988		
	Original Cost	Accumulated Depreciation	Construction In Progress
		(thousands of dollars)	
Generation	$1 874 587	$429 364	$623 430
Transmission	221 097	67 694	1 446
Substations	720 182	186 491	16 051
Distribution	542 929	181 277	11 768
Other	137 700	64 631	22 628
	$3 496 495	$929 457	$675 323

NOTE 5—DEFERRED EXPENSES AND ADVANCES

	1989	1988
	(thousands of dollars)	
Unamortized debt discount and expense	$ 30 131	$ 30 338
Unamortized planning study costs	41 199	32 096
Unamortized foreign exchange net loss on long-term debt	—	20 866
Amounts receivable from the Province under E.R.S.A.	127 376	136 941
Advance to the Northern Flood Committee Inc. (Note 8b)	5 231	5 299
Other	9 784	7 806
	$213 721	$233 346

NOTE 6—LONG-TERM DEBT

Manitoba Hydro's long-term debt is either advanced from or guaranteed by the Province of Manitoba.

As provided by The Manitoba Hydro Act, the Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba of not less than 1% of the principal amount of the outstanding long-term debt on the preceding March 31, and 4% of the balance in the sinking fund at such date. Such installments would provide for the full retirement of a debt obligation only if the obligation was outstanding for 41 years. Income earned on sinking fund investments is remitted to the Corporation and is included with investment income for the year.

For the purpose of financing capital construction expenditures and repaying debt during the year, the Corporation arranged advances in the principal amount of $486.2 million from the Province of Manitoba as follows:

- $246.1 million (U.S. $200.0 million) due September 15, 1998 with interest at 9.5%.
- $240.1 million (U.S. $200.0 million) due December 1, 2018 with interest at 9.625%.

During the year, the Corporation received $4.9 million from the sale of warrants which provide the holder the option on September 15, 1998 to purchase up to U.S. $200.0 million 20 year debentures at 9.5% interest.

Long-Term Debt:

	1989	1988
	(thousands of dollars)	
Total long-term debt outstanding —		
The Manitoba Hydro-Electric Board Bonds	$1 255 659	$1 310 489
Advances from the Province of Manitoba represented by debenture debt of the Province	2 692 266	2 396 192
Advances from the Province of Manitoba under a loan agreement between the Province and the Government of Canada	112 617	114 668
	4 060 542	3 821 349
Less: Sinking fund on deposit with the Minister of Finance	405 103	378 664
	3 655 439	3 442 685
Less: Long-term debt maturing within one year — Maturities net of sinking fund plus annual sinking fund installment	314 298	229 655
	$3 341 141	$3 213 030

Debt Maturities:

			Cash Requirements		
			(thousands of dollars)		
March 31	Principal Amount of Maturities	Weighted Average Coupon Rate	Maturities Net of Sinking Fund	Annual Sinking Fund Installments	Total
1990	$ 288 585		$ 260 000	$ 54 298	$ 314 298
1991	300 393		270 983	52 473	323 456
1992	196 744		158 375	50 418	208 793
1993	758 748		661 322	48 929	710 251
1994	167 421		116 172	39 402	155 574
	1 711 891	9.16%	1 466 852	245 520	1 712 372
1995-1999	1 273 956	9.22%	1 030 954	161 887	1 192 841
2000-2004	252 979	8.88%	154 122	105 801	259 923
2005-2009	583 076	9.11%	306 150	52 593	358 743
2010-2014	—	—	—	28 402	28 402
2015-2019	238 640	9.63%	103 980	34 556	138 536
	$4 060 542		$3 062 058	$628 759	$3 690 817

Long-term debt repayments to be made in Canadian dollars and in foreign currencies, with their Canadian dollar equivalents are shown in the following table:

	1990 to 1994	1995 to 2019	Total	1989	1988
		(in thousands of dollars)		(in thousands of Canadian dollars)	
Canadian dollars	$1 281 276	$ 221 183	$1 502 459	$1 502 459	$1 410 945
Foreign currencies:					
United States dollars at rates of exchange prevailing at the Balance Sheet date	*238 500	1 562 700	**1 801 200	2 150 992	1 878 655
Other foreign currencies in Canadian dollars as established by the Energy Rate Stabilization Act (see Note 10)	144 236	262 855	407 091	407 091	531 749
				$4 060 542	$3 821 349

* An amount (U.S. $125 000) maturing in 1990 is fixed by forward exchange contracts.

**A portion of translation gains or losses on U.S. $1 201 200 is the responsibility of the Province of Manitoba (see Note 1h).

NOTE 7—DEFERRED CREDITS

	1989	1988
	(thousands of dollars)	
Non-refundable capital contributions	$ 86 837	$60 287
Unamortized discount on purchase of sinking fund investments	10 688	12 982
Unamortized foreign exchange on sinking fund investments	1 233	2 652
Unamortized foreign exchange net gain on long-term debt	15 256	—
Other	1 149	662
	$115 163	$76 583

NOTE 8—COMMITMENTS

a) Lease Commitments

In accordance with a lease agreement entered into during 1966 between the Governments of Canada and Manitoba, direct current transmission facilities were constructed between the Kettle Generating Station and Winnipeg. The agreement provides for payment by the Corporation of the capital cost with accrued interest at 5.625% over a term of forty-five years in accordance with a payment schedule requiring substantially smaller payments during the earlier years. The schedule provides for payment of $22 500 000 for the year ended March 31, 1989 (1988—$20 000 000). Payments for the fiscal years 1990 to 2019 are calculated as an equal annual payment of $25 852 618 in order to amortize the outstanding balance over thirty years at 5.625%. The unpaid balance of principal plus accrued interest for transmission facilities amounted to approximately $368 770 000 as at March 31, 1989 (1988—$370 344 000).

The Corporation's policy is to charge the lease payments to operations in the period in which they become payable. This policy is consistent with the intent of the lease agreement of providing economic relief to ratepayers during the early years of the Nelson River development. This is evident when compared with a calculation of a charge in accordance with the C.I.C.A. recommendation on accounting for capital leases entered into subsequent to January 1, 1979, which indicates that an additional amount of approximately $3.3 million would have been charged to operations for the year and an additional net asset amount of approximately $168.5 million would have been recorded relating to the transmission facilities.

b) Mitigation

i) Northern Flood Agreement

Manitoba Hydro is party to an agreement with the Government of Canada, the Province of Manitoba and the Northern Flood Committee Inc., which includes compensation and mitigation for the impact of the Churchill River Diversion and Lake Winnipeg Regulation projects. The total spent on compensation and mitigation during the year was $4.8 million (1988—$4.7 million). The total amount paid to date under the Northern Flood Agreement is $36.4 million as at March 31, 1989. A total of 131 claims involving Manitoba Hydro have been filed to date with the Arbitrator with 81 claims having been settled. Of the 50 claims outstanding, Manitoba Hydro is not able to precisely determine the contingent liability but has estimated it to be in excess of $40.0 million. This estimate includes a settlement in principle of $7.6 million which has been reached with the Nelson House Band.

In addition to the above, in 1987 Manitoba Hydro advanced $5.0 million to the Northern Flood Committee Inc. to provide funds to the Indian Bands for their use in housing upgrading. This advance, adjusted for the time value of the advance, will reduce the amounts payable for future adjudicated claims. The advance was reduced by a $0.3 million settlement in 1989.

ii) Other

In addition, at March 31, 1989, $31.9 million had been paid by Manitoba Hydro for non Northern Flood Agreement claims. These claims are submitted by claimants not party to the Northern Flood Agreement directly to Manitoba Hydro for consideration. Manitoba Hydro is not able to precisely determine the contingent liability for submitted claims but has estimated it to be in excess of $4.0 million.

c) Construction Commitments

Construction on Limestone Generating Station has been committed to provide for first power in November 1990. The current forecasted cost of the new generating station is $1 500 million, of which costs of $843 million have been incurred to March 31, 1989.

Other outstanding commitments, principally for construction, were approximately $157 329 000 (1988—$112 262 000).

NOTE 9—RESERVES

The following reserves are maintained by the Corporation:

Contingency and General Reserve

An amount as stipulated by the Manitoba Hydro-Electric Board may be transferred annually to this reserve. No transfers were made during 1989 or 1988.

Rate Stabilization Reserve

The net (expense) income after provision for the contingency and general reserve is transferred annually to this reserve.

NOTE 10—SUBSEQUENT EVENT

In the Budget Speech of June 5, 1989 the Minister of Finance for the Province of Manitoba announced that legislation will be brought forward to terminate the Energy Rate Stabilization Act as of April 1, 1989.

Effective April 1, 1989 the foreign exchange risks associated with foreign debt transacted prior to April 1, 1987, denominated in currencies other than United States will be transferred by the Province of Manitoba to Manitoba Hydro and accordingly the Corporation will assume responsibility for further translation gains or losses associated with this debt. The Province of Manitoba will retain the obligation to pay up to the amounts that have been provided in the Province's accounts in respect of this foreign debt to March 31, 1989. This obligation amounts to approximately $140.2 million based on rates of exchange prevailing at March 31, 1989 and represents the entire translation gains or losses to that date.

Manitoba Hydro Generating Stations and Capabilities

As At March 31, 1989 (Normal Winter Capability)

	STATION	LOCATION	No. of Units	Winter Capability in Kilowatts
INTERCONNECTED CAPABILITIES				
HYDRAULIC:	Great Falls	Winnipeg River	6	132 000
	Seven Sisters	Winnipeg River	6	150 000
	Pine Falls	Winnipeg River	6	82 000
	McArthur	Winnipeg River	8	56 000
	Grand Rapids	Saskatchewan River	4	472 000
	Kelsey	Nelson River	7	224 000
	Kettle	Nelson River	12	1 272 000
	Jenpeg	Nelson River	6	126 000
	Long Spruce	Nelson River	10	980 000
	Laurie River (2)	Laurie River	3	10 000
	TOTAL HYDRAULIC			3 504 000
THERMAL:	Brandon		5	237 000
	Selkirk		2	132 000
	TOTAL THERMAL			369 000
	TOTAL			3 873 000
ISOLATED CAPABILITIES				
DIESEL:	Brochet			825
	Garden Hill			3 665
	Gods Lake Narrows			1 200
	Gods River			525
	Lac Brochet			525
	Oxford House			1 600
	Pikwitonei			350
	Red Sucker Lake			650
	St. Theresa			1 475
	Shamattawa			825
	Tadoule Lake			350
	Thicket Portage			500
	Waasagomach			900
	TOTAL			13 390
TOTAL GENERATING CAPABILITY				3 886 390

Manitoba

THE MANITOBA INTERCULTURAL COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B and C and Schedule 1, of The Manitoba Intercultural Council for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Council as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

August 21, 1989,
Winnipeg, Manitoba.

Statement A

THE MANITOBA INTERCULTURAL COUNCIL

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS

	1989	1988
Cash in bank	$ 78,038	$ 28,086
Term deposits	1,365,016	1,194,555
Accrued interest	18,469	12,112
Accounts receivable		
The Manitoba Lotteries Foundation	246,627	232,291
Other	9,130	-
	$1,717,280	$1,467,044

LIABILITIES AND FUND BALANCES

	1989	1988
Accounts payable	$ 14,204	$ 11,996
Commitments payable from the Ethnocultural Community Support Fund	620,456	383,971
	634,660	395,967
FUND BALANCES:		
Ethnocultural Community Support Fund, Statement C (Note 5)	884,165	893,120
Funds Retained for Working Capital and Future Operations, Statement B	198,455	177,957
	$1,717,280	$1,467,044

Statement B

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenues, Expenditures and Retained Funds for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Revenues:		
Government of the Province of Manitoba		
Operating grant	$215,500	$209,200
Biennial assembly grant	-	50,000
Manitoba CareerStart Program	2,061	2,153
	217,561	261,353
Investment income	16,085	10,516
The Manitoba Lotteries Foundation (Note 6)	118,962	119,373
Transfer of funds from the Ethnocultural Community Support Fund	-	10,000
Other revenues	-	6,455
Total revenues	352,608	407,697
Expenditures:		
Administration	247,074	256,077
Biennial Ethnocultural Assembly	1,906	50,757
Council meetings	31,726	10,210
Committees		
Executive	35,713	50,943
Community Resources Allocation	10,960	35,824
Standing Committees	4,731	15,176
Total expenditures, Schedule 1	332,110	418,987
Excess of revenues over (under) expenditures for the year	20,498	(11,290)
Funds Retained for Working Capital and Future Operations, beginning of year	177,957	189,247
Funds Retained for Working Capital and Future Operations, end of year, Statement A	$198,455	$177,957

Statement C

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenues and Expenditures for the Ethnocultural Community Support Fund for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Revenues:		
Manitoba Lotteries Foundation Gaming Fund and Casino	$979,811	$1,024,546
Investment income	100,993	74,481
Total revenues	1,080,804	1,099,027
Expenditures:		
Allocations to organizations	991,778	945,750
Adjustments to prior year commitments payable (Note 2b)	-	(67,700)
Administration fee (Note 6)	97,981	102,454
Transfer to funds retained for working capital	-	10,000
Total expenditures	1,089,759	990,504
Excess of revenues over (under) expenditures for the year	(8,955)	108,523
Balance, beginning of year	893,120	784,597
Balance, end of year, Statement A	$884,165	$ 893,120

Schedule 1

THE MANITOBA INTERCULTURAL COUNCIL

Schedule of Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	Administration	Biennial Ethnocultural Assembly	Council Meetings	Executive Committee	Community Resources Allocation Committee	Standing Committees	Total 1989	Total 1988
Advertising and exhibits	$ 3,718	-	-	-	-	-	$ 3,718	$ 7,566
Equipment, furniture and maintenance	6,336	-	$ 277	-	$ 107	-	6,720	10,193
Health and post secondary education tax levy	2,620	-	242	$ 323	54	$ 9	3,248	4,416
Miscellaneous	441	-	-	21	-	-	462	3,906
Per diem	-	-	10,723	19,815	4,044	420	35,002	34,253
Printing	3,285	$ 19	2,541	1,628	719	239	8,431	32,285
Professional fees	6,776	-	1,137	-	-	-	7,913	7,727
Publications and education	3,077	-	-	1,139	475	-	4,691	12,541
Rent and meeting rooms	29,538	-	2,455	-	-	-	31,993	36,740
Research projects and needs assessment	-	-	-	-	-	-	-	21,829
Salaries	176,519	1,881	-	-	-	-	178,400	166,998
Stationery	4,851	-	60	-	306	-	5,217	6,041
Telephone, postage and courier	9,177	6	195	1,040	2,900	29	13,347	11,163
Translation services	-	-	3,368	-	-	-	3,368	2,185
Travel, accommodation and meals	736	-	10,728	11,747	2,355	4,034	29,600	61,144
Total Expenditures, Statement B	$247,074	$1,906	$31,726	$35,713	$10,960	$4,731	$332,110	$418,987

THE MANITOBA INTERCULTURAL COUNCIL

Notes to Financial Statements
March 31, 1989

1. Nature of Organization

The Manitoba Intercultural Council is a Crown corporation established by The Manitoba Intercultural Council Act. The objective of the Council is to provide information and advice to the Province of Manitoba on ethnocultural matters and to promote intercultural activities which will increase knowledge and understanding among ethnocultural groups.

The Manitoba Intercultural Council also acts as the Multicultural Umbrella under the gaming system in Manitoba and allocates gaming revenues to eligible not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues are derived from the Council's share of the gaming fund of the Manitoba Lotteries Foundation and the Council's share of bingo and casino events operated by the Manitoba Lotteries Foundation (also see note 7).

2. Accounting Policy

a) The financial statements have been prepared on the accrual basis of accounting except for furniture and equipment expenditures, which are recognized as expenditures in the year of acquisition. There has been no provision for depreciation.

b) Grants from the Ethnocultural Community Support Fund are reflected as expenditures in the accounts when funding is formally approved and committed by the Council. Adjustments to prior year commitments are reflected as expenditures in the accounts once final payment is approved.

3. Pension Plan

Effective April 1, 1987 the Council established a staff pension plan administered by The North American Life Assurance Company. The Council contributes to the Plan and the contributions and interest earned are applied on retirement to provide a money purchase pension. Employee contributions are voluntary. To date, no employees have contributed to the Plan. The Council's cost of contributions to the Plan for the year ended March 31, 1989 is $9,058.82 (1988 - $7,724.00).

4. Lease Commitment

The Council has a lease commitment for office rental expiring September 30, 1992. Basic annual rental excluding provision for escalation in taxes, insurance and operating costs is:

April 1, 1989 - March 31, 1990	29,100
April 1, 1990 - March 31, 1991	30,000
April 1, 1991 - March 31, 1992	30,000
April 1, 1992 - September 30, 1992	15,000

5. Ethnocultural Community Support Fund

The Ethnocultural Community Support Fund has been designated by The Manitoba Intercultural Council as the fund for the gaming revenues to be distributed in respect of not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues arise from an agreement between the Council and The Manitoba Lotteries Foundation (also see note 7).

Revenues and expenditures of the Ethnocultural Community Support Fund do not reflect results of bingo events administered by The Manitoba Lotteries Foundation. Net proceeds from bingos are distributed directly to multicultural organizations by The Manitoba Lotteries Foundation based on allocations provided by The Manitoba Intercultural Council. During the year ended March 31, 1989, Manitoba Lotteries Foundation distributed the net proceeds from bingo events in the amount of $402,699 (1988 - $338,356), to multicultural organizations.

6. Administration Fees

The Council has a policy of charging for administrative purposes, 5% of the net proceeds from bingo events and 10% of the revenues from The Manitoba Lotteries Foundation, related to the Ethnocultural Community Support Fund. Administrative expenditures related to the Ethnocultural Community Support Fund are borne by the Council.

7. Subsequent Event

On May 31, 1989 the Manitoba Lotteries Foundation, pursuant to paragraph 18(a) of the Memorandum of Agreement made October 28, 1986, served notice of its intention to terminate funding to the Manitoba Intercultural Council as at August 31, 1989.

The responsibility of the distribution of Lotteries funds to multicultural organizations will be assumed by the Multicultural Grants Advisory Council on September 1, 1989.

Manitoba

THE MANITOBA LOTTERIES FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 12, 1989,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Assets		
Current Assets:		
Cash on hand and in bank	$ 1,767,510	$ 3,010,534
Term deposits with Minister of Finance	16,200,000	11,000,000
Accrued interest receivable	200,546	118,464
Accounts receivable:		
Western Canada Lottery Corporation	4,232,193	4,040,934
Trade	461,860	406,967
Miscellaneous	325,447	149,519
Inventories - at lower of cost or net realizable value:		
Bingo paper	144,318	131,594
Breakopen products	445,812	395,974
	23,777,686	19,253,986
Fixed assets, Note 3	3,496,478	3,649,675
Total assets	$27,274,164	$22,903,661

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Liabilities and Fund Account Balances		
Current liabilities:		
Accounts payable and accrued liabilities:		
Government of the Province of Manitoba	$ 456,910	$ 529,237
Western Canada Lottery Corporation	134,475	190,936
Trade	347,174	270,242
Funds payable to the Government of the Province of Manitoba	4,609,614	4,589,269
Grants payable to organizations	5,809,062	5,070,366
	11,357,235	10,650,050
Accrued pension benefit	1,041,164	761,111
Fund account balances - Exhibit B		
Casino	--	140,105
Bingo Halls	424,746	295,375
Gaming Fund	9,451,019	3,176,478
General	5,000,000	2,343,348
Special	--	3,442,793
Equalization Fund	--	2,094,401
Total liabilities and fund account balances	$27,274,164	$22,903,661

Exhibit B

THE MANITOBA LOTTERIES FOUNDATION

Statement of Changes in Fund Account Balances
for the year ended March 31, 1989
(with 1988 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	Totals 1989	Totals 1988
Balance, beginning of year	$ 140,105	$ 295,375	$ 3,176,478	$2,343,348	$ 3,442,793	$ 2,094,401	$11,492,500	$15,690,230
Add:								
Revenue over expenditure, Exhibit C	3,595,492	4,115,988	49,283,169				56,994,649	55,679,433
	3,735,597	4,411,363	52,459,647	2,343,348	3,442,793	2,094,401	68,487,149	71,369,663
Deduct:								
Funds allocated to the Government of the Province of Manitoba, Schedule 6	-	-	19,569,654	-	-	5,384,100	24,953,754	30,390,837
Grants allocated to organizations, Schedule 7	4,079,477	3,986,617	19,727,036	-	-	864,500	28,657,630	29,486,326
	4,079,477	3,986,617	39,296,690	-	-	6,248,600	53,611,384	59,877,163
Balance before transfers between fund accounts	(343,880)	424,746	13,162,957	2,343,348	3,442,793	(4,154,199)	14,875,765	11,492,500
Transfers between fund accounts	343,880	-	(3,711,938)	2,656,652	(3,442,793)	4,154,199	-	-
Balance, end of year, Exhibit A	$ 0	$ 424,746	$ 9,451,019	$5,000,000	$ -	$ -	$14,875,765	$ 11,492,500

Exhibit C

THE MANITOBA LOTTERIES FOUNDATION
Statement of Revenue and Expenditure
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Net lottery sales revenue, Schedule 1	$46,646,554	$43,526,707
Bingo paper and breakopen ticket sales, Schedule 2	5,238,196	5,477,147
Bingo hall revenue over expenditure, Schedule 3	4,115,988	4,080,720
Casino revenue over expenditure, Schedule 4	3,595,492	5,015,656
Interest income	1,672,377	1,423,219
License fees	870,175	831,989
Other income	261,029	267,814
	62,399,811	60,623,252
Administrative expenses, Schedule 5	5,405,162	4,943,819
Revenue over expenditure, Exhibit B	$56,994,649	$55,679,433

Schedule 1

THE MANITOBA LOTTERIES FOUNDATION
Net Lottery Sales Revenue
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Lottery sales at retail:		
Lotto 6/49	$ 68,490,540	$ 62,115,425
Instant	32,794,270	29,728,778
Western Express	9,090,115	12,139,650
Lotto 6/36	5,162,274	7,728,609
Provincial	5,572,245	5,323,155
Super Loto	240,620	4,526,670
The Plus	6,932,122	-
Special Event	3,083,000	
	131,365,186	121,562,287
Interest and other revenue - Western Canada Lottery Corporation	956,989	733,823
	132,322,175	122,296,110
Cost of lottery sales - Western Canada Lottery Corporation	83,884,452	75,581,468
	48,437,723	46,714,642
Payment by agreement to the Government of Canada, Note 4	1,791,169	3,187,935
Net lottery sales revenue, Exhibit C	$ 46,646,554	$ 43,526,707

THE MANITOBA LOTTERIES FOUNDATION
Bingo Paper and Breakopen Ticket Sales
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Bingo paper:		
Sales:		
- licensees	$1,744,027	$1,393,129
- bingo halls, Schedule 3	368,837	277,739
	2,112,864	1,670,868
Cost of bingo paper sold	1,694,192	1,511,028
Net sales	$ 418,672	$ 159,840
Breakopen tickets:		
Sales:		
- licensees	5,996,853	$6,361,589
- bingo halls, Schedule 3	555,317	537,274
	6,552,170	6,898,863
Cost of breakopen tickets sold	1,732,646	1,581,556
Net sales	$4,819,524	$5,317,307
Bingo paper and breakopen ticket sales, Exhibit C	$5,238,196	$5,477,147

Schedule 3

THE MANITOBA LOTTERIES FOUNDATION
Bingo Hall Revenue and Expenditure
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue		
Bingo paper:		
Sales (retail)	$10,691,227	$9,476,737
Less:		
Prizes	6,627,668	5,627,127
Cost of paper sold, Schedule 2	368,837	277,739
	3,694,722	3,571,871
Breakopen tickets:		
Sales (retail)	6,563,381	5,969,774
Less:		
Prizes	4,424,011	3,880,357
Cost of tickets sold, Schedule 2	555,317	537,274
	1,584,053	1,552,143
Canteen proceeds	217,255	174,255
	5,496,030	5,298,269
Expenditure		
Advertising	54,581	35,215
Bingo hall rental	247,834	240,625
Depreciation and amortization	126,892	88,332
Health & Post Secondary Education tax levy	10,785	7,220
Maintenance	157,376	117,976
Salaries and benefits:		
- permanent	235,669	262,499
- casual	258,525	203,021
Security	67,263	59,701
Shortage allocated to organizations	89,185	100,094
Sundry	67,207	48,745
Supplies	5,979	8,834
Utilities	58,746	45,287
	1,380,042	1,217,549
Revenue over expenditure, Exhibit C	$4,115,988	$4,080,720

Schedule 4

THE MANITOBA LOTTERIES FOUNDATION
Casino Revenue and Expenditure
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Casino proceeds	$6,951,708	$8,767,334
Canteen and other income	67,790	66,648
Interest	284	630
	7,019,782	8,834,612
Expenditure:		
Advertising	143,884	139,435
Canteen supplies	73,453	84,359
Depreciation and amortization	261,138	258,761
Health & Post Secondary Education tax levy	50,320	17,571
Maintenance	18,777	25,258
Rentals	240,838	262,462
Salaries and benefits:		
- permanent	372,424	370,281
- casual	1,983,014	2,340,215
Security	94,413	113,398
Sundry	60,729	66,444
Supplies	56,070	77,152
Travel	69,230	63,620
	3,424,290	3,818,956
Revenue over expenditure, Exhibit C	$3,595,492	$5,015,656

Schedule 5

THE MANITOBA LOTTERIES FOUNDATION
Administrative Expenses
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Advertising and promotion	$ 249,013	$ 203,840
Board members' fees and expenses	56,354	45,456
Cartage	123,850	123,682
Commissions and bonuses	0	50,281
Depreciation and amortization	239,281	231,335
Equipment rentals, repairs and maintenance	54,052	45,502
Health & Post Secondary Education tax levy	69,761	61,008
Insurance, security and property taxes	91,055	85,659
Office and storage space rentals	198,440	153,458
Provision for pension benefits	279,420	261,347
Postage, telephone and telex	123,288	112,488
Professional fees	249,233	287,543
Salaries and benefits	3,216,414	2,826,725
Sundry	134,615	142,743
Supplies and printing	108,922	115,463
Travel	211,464	197,289
Total administrative expenses, Exhibit C	$5,405,162	$4,943,819

Schedule 6

THE MANITOBA LOTTERIES FOUNDATION
Allocation to the Government of the Province of Manitoba
for the year ended March 31, 1989
(with 1988 figures for comparison)

	Gaming Fund	Equalization Fund	Totals 1989	Totals 1988
Department of Culture, Heritage and Recreation	$14,276,281	$ 5,220,000	$19,496,281	$24,914,206
Department of Community Services	—	164,100	164,100	159,700
Department of Health	94,250	—	94,250	5,316,931
Department of Industry, Trade & Tourism	5,199,123	—	5,199,123	—
Total	$19,569,654	$ 5,384,100	$24,953,754	$30,390,837

Schedule 7

THE MANITOBA LOTTERIES FOUNDATION

Grants Allocated to Organizations
for the year ended March 31, 1989
(with 1988 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	Equalization Fund	Totals 1989	Totals 1988
Manitoba Sports Federation Inc. and member organizations	$340,232	$2,316,591	$7,287,296	$ —	9,944,119	$ 9,664,890
Manitoba Arts Council and member organizations	170,111	108,495	5,199,123	—	5,477,729	5,560,329
Manitoba Community Education Association Inc. and member organizations	1,148,283	190,302	—	—	1,338,585	1,583,867
Manitoba Community Services Council and member organizations	340,232	968,530	3,196,182	—	4,504,944	4,456,419
Manitoba Heritage Federation Inc.	657,570	—	—	—	657,570	821,962
Manitoba Intercultural Council and member organizations	170,111	402,699	809,700	—	1,382,510	1,363,676
United Way of Winnipeg	—	—	2,386,483	—	2,386,483	2,386,483
Health Sciences Centre Research Foundation	—	—	424,126	—	424,126	530,137
Manitoba Health Research Council	—	—	424,126	787,000	1,211,126	1,317,137
Festival du Voyageur	264,989	—	—	—	264,989	331,237
Red River Exhibition Association	264,989	—	—	—	264,989	331,237
Folk Arts Council of Winnipeg Inc.	235,546	—	—	—	235,546	294,432
Winnipeg Blue Bombers Football Club	235,546	—	—	—	235,546	294,432
Manitoba Federation of Labour	—	—	—	77,500	77,500	-
Rural Casinos, Note 6	251,868	—	—	—	251,868	550,088
Total, Exhibit B, Note 5	$4,079,477	$3,986,617	$19,727,036	$864,500	$28,657,630	$29,486,326

THE MANITOBA LOTTERIES FOUNDATION
Notes to the Financial Statements
for the year ended March 31, 1989

1. Establishment of the Foundation and Nature of Operations

Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

The Manitoba Lotteries Foundation as an agent of the Government of the Province of Manitoba is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under three thousand dollars. The Foundation may issue licenses to organizations to hold lottery schemes, in which case the Foundation carries out a supervisory and compliance control.

The Foundation works co-operatively with the Western Canada Lottery Corporation (W.C.L.C.) and sells and distributes all lottery tickets in Manitoba. W.C.L.C. is responsible for designing lottery games, printing lottery tickets, determining winning numbers, paying out prizes, as well as other administrative responsibilities as determined by the member provinces.

The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at two bingo halls. The Foundation also conducts and manages all casinos in the Province of Manitoba.

2. Significant Accounting Policies

(a) Revenue and expenditure recognition

Revenue and expenditure is recorded on an accrual basis except for the following:

(i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

(ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

(iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

(b) Government Lotteries

Lottery revenue is received from W.C.L.C. and represents the revenue the Foundation receives from government lottery sales in the Province of Manitoba less Manitoba's share of W.C.L.C.'s costs associated with these sales and Manitoba's share of the amounts owing to the Federal Government.

(c) Licence Fees

Licence fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

(d) Fixed Assets and Depreciation

Fixed assets are recorded at cost.

Furniture, automotive and other equipment are depreciated on a straight-line basis over 5 years.

Building is depreciated on a straight-line basis over 20 years.

Leasehold improvements are amortized over the term of the lease.

Casino security equipment is depreciated on a straight-line basis over 10 years.

(e) Pension Costs

Employees and officers of the Foundation are pensionable under the Civil Service Superannuation Fund (the Fund) and make contributions to the Fund at prescribed rates. The Foundation is required to pay 50% of the pension disbursements made to retired employees. It is the policy of the Foundation to charge to administrative expense the employer's portion of pension benefits earned by employees. This is calculated in accordance with a formula contained in the actuarial report prepared as of December 31, 1986. The expense for 1989 was $279,420 (1988, $261,347). This expense and the resulting liability of $1,041,164 (1988, $761,111) are based on the assumption that future pensions will be increased due to increases in the cost of living.

(f) Casino

The casino statement, Schedule 4, reflects the transactions pertaining to casinos operated and managed by the Foundation. The casinos are charged with all direct expenses of operating the casinos. There is no allocation of indirect expenses including senior management salaries.

(g) Bingo Halls

The bingo hall statement, Schedule 3, reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. There is no allocation of indirect expenses including senior management salaries.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are to be used and applied at the discretion of the Government of the Province of Manitoba.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund Account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

(ii) Casino and Bingo Hall Fund Accounts (Cont'd)

The proceeds are payable to umbrella groups and/or community organizations that were involved with the bingo events. The umbrella groups which had been involved with casinos in Winnipeg were allocated an amount as approved by an Order-In-Council based on the 1987-88 actual daily profit. A transfer of $343,880 was made from the Gaming Fund to the Casino Fund to cover the difference between the net proceeds from casino operations and the allocations to the groups.

(iii) General Fund Account

For the year ended March 31, 1989, $3,000,000 was transfered from the Gaming Fund to the General Fund Account which now reflects $5,000,000 in retained income for working capital and investment in fixed assets as approved by an Order-In-Council. Also an interfund transfer of $343,348 to the Special Fund Account was recorded as required by Cabinet directive.

(iv) Special Fund Account

The Special Fund Account is set up and used for special projects as authorized by Cabinet. The balance in this account has been transferred into the Gaming Fund Account as approved by an Order-In-Council. Changes in the account during the year are set out below:

Opening balance		$3,442,793
Transfers from General Fund Account, Note 2(h)(iii)	$ 343,348	
Transfers to the Gaming Fund Account	(3,786,141)	3,442,793
Closing balance, Exhibit B		$ 0

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interest. This is based on a sharing formula approved by Order-In-Council. For 1989, in compliance with Ministerial direction, the Equalization Fund received the lesser of 10% or an amount equal to the 1987 allocation. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationships between sharing groups in the Gaming Fund Account and to provide for any other uses at the sole discretion of the Government of the Province of Manitoba. The balance of this account has been transferred into the Gaming Fund Account as approved by an Order-In-Council.

3. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1989 Net Book Value	1988 Net Book Value
Land	$1,344,723	$ -	$1,344,723	$1,344,723
Furniture and equipment	862,641	614,304	248,337	284,466
Building	1,299,087	237,988	1,061,099	1,071,091
Leasehold improvements	890,592	660,205	230,387	199,963
Casino equipment and chips	571,015	428,503	142,512	182,283
Casino security equipment	402,629	149,907	252,722	292,985
Other equipment	457,290	240,592	216,698	274,164
	$5,827,977	$2,331,499	$3,496,478	$3,649,675

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government.

On June 3, 1985, a second agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the criminal code removing the Federal Government as a participant in lottery and gaming activities.

Manitoba's share of payment	1989	1988
Agreement #1	$1,791,169	$1,738,595
Agreement #2	--	1,449,340
	$1,791,169	$3,187,935

5. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella groups and/or member organizations. Agreements and/or letters of understanding with the umbrella groups provide for Manitoba Lotteries Foundation to make certain payments directly to the member organizations.

6. Rural Casinos

Proceeds of the rural casinos were allocated to the following organizations:

	1989	1988
St. Pierre Curling Club	$ 24,239	$ 10,552
Kinsmen Club of The Pas	21,853	18,656
St. Andrews Community Club	20,662	28,295
Elie Community Club	19,041	940
Oakbank Community Club	18,710	21,570
Kinsmen Club of Gimli	17,985	14,533
South Interlake Golf and Country Club	14,113	-
Little Britain Community Club	13,774	17,197
Lockport Community Club	11,479	-
Lorette Sports Centre	8,204	39,627
Balmoral Skating and Hockey Club	6,341	6,910
Kinsmen Club of Stony Mountain	6,341	6,910
Ste. Anne Curling Club	5,563	4,896
R.C.L. #220 - La Verendrye Branch	5,563	4,896
Ste. Anne Minor Hockey Association	5,563	4,896
Village of Ste. Anne Parks & Recreation	5,563	4,896
Beausejour Brokenhead Memorial Arena Board	5,405	6,948
Provincial Exhibition of Brandon	4,739	21,435
St. Adolphe Community Club	3,858	9,456
Winnipeg Beach Community Curling Club	3,074	-
Kinsmen Club of Flin Flon	2,808	10,934
Carman Curling Club	2,773	25,606
Kinsmen Club of Stonewall	2,666	-
R.C.L. #20 - Stonewall Branch	2,666	-
Stonewall Curling Club	2,666	-
Richer Community Club	2,087	-
Richer Knights of Columbus	2,087	28,280
Kinsmen Club of Teulon	2,074	10,895
Teulon & Area Lions Club	2,074	-
Teulon Hockey Club Inc.	2,074	-
Kinette Club of Teulon	2,074	-
Teulon Ukrainian Dance Club	2,074	-
Kinsmen Club of Thompson	1,675	9,494
Garson Community Rink Inc.	-	38,742
Stonewall Casino '87	-	38,312
East St. Paul Community Club	-	33,615
Selkirk Casino Umbrella Group	-	20,339
East Selkirk Recreation Assoc. Inc.	-	19,144
Warren Recreation Center	-	15,282
Labroquerie Arena Board	-	14,191
Grosse Isle Memorial Park Recreational Club	-	13,114
Meadows Community Club	-	13,114
Rosser Central Community Club	-	13,114
Morris Curling Club	-	7,130
St. Francois Xavier Community Club	-	6,182
Rotary Club of Flin Flon	-	3,805
Belcourt Community Club	-	3,091
St. Francois Xavier Fire Fighters		3,091
	$251,868	$550,088

7. Commitments and Contingent Liabilities

(a) The following contractual liabilities exist as at March 31, 1989:

Operating lease commitments for facilities, halls and equipment amount to $786,438.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1990.............	$347,229
March 31, 1991.............	283,692
March 31, 1992.............	131,817
March 31, 1993.............	23,700
March 31, 1994.............	-
	$786,438

Contractual commitments relating to renovations in progress amount to $386,133 (1988 - $ nil)

(b) The following contingent liabilities exist as at March 31, 1989:

Five claims have been filed against the Foundation. One claim is with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba. One claim is with respect to the Foundation's operating, managing and controlling casinos in the Province of Manitoba. One claim pertains to the Foundation's refusal of a certain licence. One claim concerns the business of selling lottery products outside the Province of Manitoba. One claim pertains to the Foundation's dismissal of two employees.

The financial implication of these claims cannot be determined at this time.

No provision has been made in the accounts of the Foundation in respect to these claims as at March 31, 1989.

8. Comparative Figures

The 1988 figures have been reclassified where necessary to conform to the 1989 financial statement presentation.

Manitoba

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Manitoba Mental Health Research Foundation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

April 24, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Balance Sheet
as at March 31, 1989

	1989	1988
ASSETS		
Cash in bank	$ 122,354	$ 113,575
	$ 122,354	$ 113,575
FUND BALANCES		
Unexpended funds, Exhibit B:		
General	$ 45,647	$ 31,883
Research	76,507	81,692
Dr. Michael Kovacs	200	-
	$ 122,354	$ 113,575

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Statement of Cash Receipts and Disbursements
and Changes in Fund Balances
for the year ended March 31, 1989

	General Fund	Research Fund	Dr. Michael Kovacs Fund	1989 Total	1988 Total
Receipts:					
Grant from the Manitoba Health Services Commission	$ 30,000	$ -	$ -	$ 30,000	$ -
Bank interest	11,342	-	-	11,342	8,896
Donations received	8,154	-	-	8,154	14,550
Other	77	-	-	77	857
Total Receipts	$ 49,573	$ -	$ -	$ 49,573	$ 24,303
Disbursements:					
Administrative expenses: Schedule 1	2,377	-	-	2,377	15,232
Research projects:					
University of Manitoba on behalf of grantees	-	36,952	-	36,952	35,345
University of Winnipeg on behalf of grantees	-	-	-	-	7,500
Health Sciences Centre on behalf of grantees	-	-	-	-	5,636
Tourette Syndrome Foundation of Canada	-	-	-	-	1,986
Direct to grantee	-	1,465	-	1,465	-
Total Disbursements	2,377	38,417	-	40,794	65,699
Excess (deficiency) of receipts over disbursements	47,196	(38,417)	-	8,779	(41,396)
Unexpended funds, beginning of year	31,883	81,692	-	113,575	154,971
	79,079	43,275	-	122,354	113,575
Net inter-fund transfer (Note 3)	(33,432)	33,232	200	-	-
Unexpended funds, end of year, Exhibit A	$ 45,647	$ 76,507	$ 200	$ 122,354	$ 113,575

SCHEDULE 1

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Schedule of Administrative Expenses
for the year ended March 31, 1989

	1989	1988
Administrative expenses:		
Telephone, secretarial, photocopying	$ 728	$ 591
Printing and stationery	642	878
Conferences, workshops and memberships	500	670
Miscellaneous	247	371
Postage and courier	145	367
External reviews	75	-
Bank charges	40	104
Rent	-	2,185
Salary and staff benefits	-	10,066
Total administrative expenses	$ 2,377	$ 15,232

MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Notes to the Financial Statements
for the year ended March 31, 1989

---

1. Nature of the Foundation

The Foundation is incorporated under The Manitoba Mental Health Research Foundation Act. Its aims and objectives are to support and to promote the development of mental health research in Manitoba. The Foundation is a registered charity within the meaning of The Income Tax Act.

2. Accounting Policies

a) Accounting basis

The Foundation's financial statements have been prepared using the cash basis of accounting.

b) Transfers between General and Research funds

The Research Fund pertains to projects which the Board has approved to be conducted by the grantees. The projects are either in progress or completed. Upon Board approval of a project, a transfer is made from the General to the Research Fund in the amount of the approved level of the project funding. When projects are completed or the Board has determined that unspent funds remaining will not be required for the project, these unspent funds are transferred from the Research to the General Fund.

3. Transfer of Funds

(a) The transfer from the General to the Research Fund was $35,675 (1988 -$48,945). The transfer from the Research to the General Fund was $2,443 (1988 - $2,984).

(b) The transfer from the General to the Dr. Michael Kovacs Fund was $200 (1988 - nil). The fund was established by the Board of the Foundation to encourage research in the area of chronic mental illness. No awards have been made from this fund for the year ended March 31, 1989.

4. Administrative expenses

The members of the Board of Governors serve without remuneration.

5. Comparative Figures

The prior year's figures have been restated to agree with the presentation adopted for 1989.

Manitoba

THE MANITOBA MILK PRICES REVIEW COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Milk Prices Review Commission for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

July 27, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA MILK PRICES REVIEW COMMISSION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Current Assets:		
Cash	$ 67	$ 5,291
	$ 67	$ 5,291
LIABILITIES AND UNEXPENDED FUNDS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 2,935	$ 5,023
Unexpended funds (deficit), Exhibit B	(2,868)	268
	$ 67	$ 5,291

EXHIBIT B

THE MANITOBA MILK PRICES REVIEW COMMISSION

Statement of Revenue and Expenditure and Unexpended Funds
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Grant from the Government of the Province of Manitoba	$ 26,869	$ 12,482
Interest	69	334
	26,938	12,816
Expenditure:		
Annual report	608	587
Commission - per diem and benefits	6,089	2,704
- travel	7,597	5,290
Office and postage	4,122	5,123
Professional fees	9,417	9,072
Sundry	1,581	2,414
Telephone	660	658
	30,074	25,848
Revenue (under) expenditure	(3,136)	(13,032)
Unexpended funds, beginning of the year	268	13,300
Unexpended funds (deficit), end of the year, Exhibit A	$ (2,868)	$ 268

THE MANITOBA MILK PRICES REVIEW COMMISSION

Notes to Financial Statements
for the year ended March 31, 1989

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1. Nature of the Commission

The Manitoba Milk Prices Review Commission was established under the Manitoba Prices Review Act effective September 29, 1980. The Commission's mandate is to monitor prices of fluid milk, to set the price at which milk may be sold by a producer and if necessary, to set maximum and/or minimum prices at which fluid milk may be sold by a distributor, processor or retailer.

2. Accounting Policies

a) The Commission uses the accrual basis of accounting except for office equipment purchases which are charged to operations in the year of acquisition.

b) The financial statements do not reflect services provided by the Government of the Province of Manitoba as described in Note 3.

3. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides staffing and office accommodations to the Commission at no charge. The estimated cost of these services is $79,000 (1988 - $68,000). In addition the Province used budgeted funds to pay administrative costs totalling $3,845 (1988 - $1,768) on behalf of the Commission.

Manitoba

MANITOBA MINERAL RESOURCES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Mineral Resources Ltd. as at December 31, 1988 and the statement of operations and retained earnings and the statement of changes in cash resources for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Mineral Resources Ltd. as at December 31, 1988 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for exploration expenses when a mine is brought into production as explained in note 4 to the financial statements, on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

February 17, 1989,
Winnipeg, Manitoba.

EXHIBIT A

MANITOBA MINERAL RESOURCES LTD.

Balance Sheet
as at December 31, 1988
(with comparative figures at December 31, 1987)

	1988	1987
ASSETS		
Current assets:		
Cash - in bank	$ 43,895	$ 478,543
- in trust with the Minister of Finance	6,985,000	3,195,000
Settlements and accounts receivable (Notes 3(b) & 7)	2,579,957	2,924,704
Accrued interest receivable	350,671	59,903
Prepaid expenses	460,257	3,999
Total current assets	10,419,780	6,662,149
Term loan (Note 8)	7,516,820	-
Investment (Note 9)	1,840,154	-
Fixed assets, net (Notes 3(c) & 10)	4,845,520	3,406,618
	$ 24,622,274	$ 10,068,767
LIABILITIES		
Current liabilities:		
Accounts payable	$ 438,259	$ 400,097
Total current liabilities	438,259	400,097
SHAREHOLDER'S EQUITY		
Capital stock (Notes 1 & 5):		
Authorized - unlimited number of shares without par value for unlimited consideration		
Issued and fully paid - 5 shares at $1.00 each	5	5
- 1,733,900 shares at $10.00 each	17,339,000	7,400,000
	17,339,005	7,400,005
Retained earnings, Exhibit B	6,845,010	2,268,665
Total shareholder's equity	24,184,015	9,668,670
	$ 24,622,274	$ 10,068,767

EXHIBIT B

MANITOBA MINERAL RESOURCES LTD.

Statement of Operations and Retained Earnings
for the year ended December 31, 1988
(with comparative figures for the year ended December 31, 1987)

OPERATIONS

	1988	1987
Income:		
Sale of concentrates	$ 16,204,722	$ 12,326,636
Interest	692,765	185,648
Management fees	146,087	124,258
Other	38,938	31,075
	17,082,512	12,667,617
Expenses:		
Administration	505,862	335,717
Depreciation and amortization	295,764	237,825
Exploration		
Wholly owned ventures	214,934	304,370
Joint ventures,(Note 11)	3,754,662	2,045,955
Taxes	99,137	33,145
Trout Lake mine	7,635,808	5,771,593
	12,506,167	8,728,605
Net income	$ 4,576,345	$ 3,939,012

RETAINED EARNINGS

	1988	1987
Retained earnings (deficit), beginning of year		
As previously reported	$ 2,415,301	$ (1,495,616)
Change in accounting policy (Note 4)	(146,636)	(174,731)
As restated	2,268,665	(1,670,347)
Net income	4,576,345	3,939,012
Retained earnings, end of year (Exhibit A)	$ 6,845,010	$ 2,268,665

EXHIBIT C

MANITOBA MINERAL RESOURCES LTD.

Statement of Changes in Cash Resources
for the year ended December 31, 1988
(with comparative figures for the year ended December 31, 1987)

	1988	1987
Cash provided by (used for):		
Operating activities:		
Net income	$ 4,576,345	$ 3,939,012
Items not involving cash		
Depreciation and amortization	295,763	237,825
	4,872,108	4,176,837
Net change in noncash working capital balances	(364,117)	(1,357,029)
	4,507,991	2,819,808
Financing activities:		
Shares issued	9,939,000	-
Financial resources generated from operating and financing activities	14,446,991	2,819,808
Investments:		
Term loan	(7,516,820)	-
Investment	(1,840,154)	-
Fixed asset additions	(1,734,665)	(2,289,150)
	(11,091,639)	(2,289,150)
Increase in cash and equivalents	3,355,352	530,658
Cash and equivalents, beginning of year	3,673,543	3,142,885
Cash and equivalents, end of year	$ 7,028,895	$ 3,673,543

---

1. Status of the Company

Manitoba Mineral Resources Ltd. is a Crown corporation established under The Manitoba Natural Resources Development Act and incorporated under The Manitoba Corporations Act. The issued shares are held by the Government of the Province of Manitoba except for five shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba. The Company is authorized to issue an unlimited number of common shares for an unlimited maximum consideration.

2. Nature of the Operations

The Company undertakes exploration for minerals in the Province of Manitoba through wholly owned ventures and joint ventures. These joint ventures are operated by either the Company or the joint venturers.

The Company also maintains an interest in the development, mining and processing of ore from the Trout Lake mine and the sale of concentrates. This activity is further explained in Note 6.

The Company manages and administers the interest of the Province of Manitoba in the Ruttan mine operation for a fee.

3. Significant Accounting Policies

(a) Accounting basis

The financial statements have been prepared in accordance with generally accepted accounting principles.

(b) Settlements receivable

The Company has contracts with Hudson Bay Mining and Smelting Co., Limited for the sale of the Company's concentrates. Under the terms of the contracts, the concentrates are deemed to be sold at the time of delivery of ore to the mill. The settlements receivable on sales of concentrates are recorded at the estimated net realizable value.

(c) Fixed assets and depreciation and amortization

i) Field and office equipment and vehicles are recorded at cost and are depreciated at various rates from 20% to 30% on a straight-line basis.

ii) Exploration costs are charged to expense as incurred. The development costs associated with bringing a property into an operating mine status are capitalized as are expenditures on mine equipment.

The net book value and the estimated reserves at the beginning of the year are the bases used in amortizing these assets by the unit-of-production method.

(d) Investment

This is a long term investment and the cost method is the basis of accounting.

4. Accounting Policy Change

In 1988 the Company changed its accounting policy for exploration expenses so that these will no longer be capitalized when a mine is brought into production. The unamortized balance of exploration expenses of the Trout Lake mine have been written off, retroactively. The effect is to increase the deficit at January 1, 1987 by $174,731, and to decrease retained earnings at January 1, 1988 by $146,636. This change also increased net income for 1988 by $25,482 (1987 - $28,095).

5. Capital Authority

The Government of the Province of Manitoba has authorized the following amounts for funding the Company's activities:

Authority	Amount Authorized	Amount Used to Purchase Shares
The Loan Act, 1982	$ 2,800,000	$ 2,800,000
The Loan Act, 1983(2)	5,600,000	5,600,000
The Loan Act, 1984(2)	7,062,000	7,062,000
The Loan Act, 1987	12,500,000	1,877,000
The Loan Act, 1988	16,000,000	-
	$43,962,000	$17,339,000

Included in the amount used to purchase shares is $9,939,000 for 993,900 shares issued to the Government of the Province of Manitoba during 1988.

6. Trout Lake Mine

The Trout Lake mine is an unincorporated joint venture which is limited to the development and operation of the mine. The joint venturers take the ore produced in proportion to their interests and are individually responsible for processing of the ore and sale of the concentrates.

The Company has a 27% interest in the joint venture. Hudson Bay Mining and Smelting Co., Limited has 44%, Granges Exploration Ltd. 19.833% and Outokumpu Mines Ltd. 9.167%.

These financial statements reflect the Company's revenues and expenditures for its 27% interest in the joint venture operations and the additional activities outside the joint venture, including arrangements for the processing of the ore, sale of concentrates and monitoring.

7. Settlements and Accounts Receivable

	1988	1987
Settlements receivable on sales of Trout Lake mine concentrates (Note 3(b))	$ 2,548,109	$ 2,818,145
Accounts receivable	31,848	106,559
	$ 2,579,957	$ 2,924,704

8. Term Loan

In 1988, the Company entered into a joint venture agreement with Hudson Bay Mining and Smelting Co., Limited to develop the Callinan mine. Effective October 31, 1988 the Company sold its rights under the joint venture agreement to Hudson Bay Mining and Smelting Co., Limited subject to a satisfactory advance tax ruling from Revenue Canada. In anticipation of a satisfactory tax ruling, these financial statements reflect the funds contributed by the Company as an interest bearing loan which is repayable in four installments in 1990. In the event an unsatisfactory tax ruling is received, the loan will revert to a fixed asset pending renegotiation of the agreement.

9. Investment

During the year the Company purchased the shares of Tantalum Mining Corporation of Canada Limited from the Government of the Province of Manitoba and the shareholder's loan from Manitoba Development Corporation.

The investment at December 31, 1988 comprised the following:

250,000 Class C shares representing 25% of the issued and outstanding shares and 25% of a 5% income debenture	$ 722,792
Shareholder's loan, including accrued interest	1,117,362
	$ 1,840,154

10. Fixed Assets, Net

	Cost	Accumulated Depreciation and Amortization	1988 Net Book Value	1987 Net Book Value
Trout Lake mine				
Development	$ 809,936	$ 511,942	$ 297,994	$ 360,671
Equipment	1,736,948	349,575	1,387,373	1,204,605
Construction in Progress	3,114,481	-	3,114,481	1,791,885
	5,661,365	861,517	4,799,848	3,357,161
Field equipment	144,270	126,636	17,634	27,779
Office equipment	76,272	48,234	28,038	20,357
Vehicles	22,907	22,907	-	1,321
	$ 5,904,814	$ 1,059,294	$ 4,845,520	$ 3,406,618

11. Exploration Expenses-Joint Ventures

	1988	1987
Joint ventures operated by Manitoba Mineral Resources Ltd.	$ 1,911,796	$ 2,446,573
Deduct: recoveries from joint venturers	966,036	1,188,847
	945,760	1,257,726
Joint ventures operated by others	2,808,902	788,229
	$ 3,754,662	$ 2,045,955

12. Grants

The condition attached to working capital grants received from the inception of Manitoba Mineral Resources Ltd. to 1982 has been rescinded by the Government of the Province of Manitoba. These grants were to have been repayable if, as and when exploration projects became profitable ventures. The Company is no longer contingently liable for these grants.

13. Employee Pension Plan

Under the terms of the Company's pension plan, employee contributions are matched by the Company and these amounts are contributed to a defined contribution pension plan. As a result, there are no unfunded plan liabilities and no outstanding corporate obligations.

14. Comparative Figures

Comparative figures for the year ended December 31, 1987 have been restated to conform with the presentation adopted for the current year.

THE PROVINCE OF MANITOBA
DEPARTMENT OF ENERGY AND MINES
MANITOBA POTASH PROJECT
REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Statement of Co-Tenancy Expenses and Recoveries for costs incurred by the Department of Energy and Mines on the Manitoba Potash Project for the year ended December 31, 1988, prepared in accordance with the Co-Ownership and Development Agreement effective January 1, 1986, between the Province of Manitoba and Canamax Resources Inc. Our examination was made in accordance with generally accepted auditing standards, and included such tests and other procedures as we considered necessary.

In our opinion, this statement presents fairly the co-tenancy expenses and recoveries by the Department of Energy and Mines on the Manitoba Potash Project for the year ended December 31, 1988 in accordance with the provisions of schedule E of the agreement referred to above.

F. H. Jackson, CA
Provincial Auditor

January 27, 1989,
Winnipeg, Manitoba.

THE PROVINCE OF MANITOBA

DEPARTMENT OF ENERGY AND MINES

MANITOBA POTASH PROJECT

Statement of Co-Tenancy Expenses and Recoveries
For the year ended December 31,1988

Market development	$ 116,944
Marketing missions	187
Industry promotion	78,622
Consortium negotiation	138,398
Transportation studies	-
Operating	16,722
	350,873
Recoveries from Canamax (note 2)	(178,945)
Payments to Canamax (note 2)	456,005
Total net expenses for the year	$ 627,933

The accompanying notes are an integral part of this statement.

THE PROVINCE OF MANITOBA

DEPARTMENT OF ENERGY AND MINES

MANITOBA POTASH PROJECT

Notes to Statement
for the year ended December 31, 1988

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1. Accounting Policy:

   The Statement of Co-Tenancy Expenses and Recoveries has been prepared using the accrual basis of accounting.

2. Co-ownership and Development Agreement:

   The Province of Manitoba owns an undivided 49% beneficial interest and Canamax Resources Inc. owns an undivided 51% beneficial interest in the Manitoba Potash Project. The agreement commits the Province of Manitoba and Canamax to spend up to $1,000,000 and $5,000,000 respectfully before each party charges the other for its proportionate share of additional costs.

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT

To the Shareholders of
Manitoba Properties Inc.

We have examined the balance sheet of Manitoba Properties Inc. as at January 31, 1989 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at January 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

May 31, 1989

MANITOBA PROPERTIES INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	January 31 1989	 1988
ASSETS		
CURRENT ASSETS		
Cash	$ 20,014	$ 5,896
Funds on deposit with the Province of Manitoba	450,563	1,240,595
Accounts receivable	5,961,100	5,334,439
Prepaid expenses	18,333	18,425
	6,450,010	6,599,355
FIXED ASSETS		
Land	58,802,309	57,988,293
Buildings	884,454,956	875,400,325
	943,257,265	933,388,618
Accumulated depreciation	85,069,427	62,958,053
	858,187,838	870,430,565
CONSTRUCTION IN PROGRESS	-	233,903
	$ 864,637,848	$ 877,263,823
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 564,972	$ 538,786
Accrued interest payable	2,139,690	2,052,334
	2,704,662	2,591,120
NOTES PAYABLE, Province of Manitoba (note 2)	216,653,275	206,386,123
DEFERRED INCOME TAXES (note 3)	30,301,022	24,039,691
	249,658,959	233,016,934
SHAREHOLDERS' EQUITY		
Capital stock (note 4)	399,173,725	399,173,725
Contributed surplus	131,709,786	131,709,786
Retained earnings	84,095,378	113,363,378
	614,978,889	644,246,889
	$ 864,637,848	$ 877,263,823

APPROVED BY THE BOARD:

Director

Director

MANITOBA PROPERTIES INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended January 31 1989	 1988
Rent revenue	$ 61,236,273	$ 59,376,891
Expenses		
Administrative	581,029	569,007
Depreciation	22,111,374	21,885,008
Interest on long-term debt	24,588,029	22,687,442
Professional fees	41,771	37,030
	47,322,203	45,178,487
Income before income taxes	13,914,070	14,198,404
Deferred income taxes	6,261,331	7,667,137
NET INCOME	7,652,739	6,531,267
Retained earnings at beginning of year	113,363,378	143,772,850
	121,016,117	150,304,117
Dividends paid on preferred shares	36,920,739	36,920,739
Dividends paid on common shares	-	20,000
RETAINED EARNINGS AT END OF YEAR	$ 84,095,378	$ 113,363,378

MANITOBA PROPERTIES INC.

TEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended January 31	
	1989	1988
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income	$ 7,652,739	$ 6,531,267
Items not involving cash		
Depreciation	22,111,374	21,885,008
Deferred income taxes	6,261,331	7,667,137
Change in non-cash operating working capital	(513,027)	15,617
	35,512,417	36,099,029
FINANCING		
Issue of notes payable	10,267,152	10,175,000
Dividends paid on preferred shares	(36,920,739)	(36,920,739)
Dividends paid on common shares	-	(20,000)
	(26,653,587)	(26,765,739)
IVESTMENT		
Decrease in construction in progress	233,903	7,797,476
Additions to fixed assets	(9,868,647)	(16,768,579)
	(9,634,744)	(8,971,103)
ICREASE (DECREASE) IN CASH POSITION	(775,914)	362,187
Cash position at beginning of year	1,246,491	884,304
CASH POSITION AT END OF YEAR	$ 470,577	$ 1,246,491

Cash position is defined as cash and funds on deposit with the Province of Manitoba.

MANITOBA PROPERTIES INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 1989

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Fixed assets are recorded at cost. Depreciation on the buildings is recorded in the accounts on a straight-line basis over forty years.

Capitalization of costs

Legal costs incurred in the process of acquiring land and buildings are added to the acquisition cost of these fixed assets.

Interest costs incurred to finance construction in progress are added to the total cost of construction in progress.

2. NOTES PAYABLE, PROVINCE OF MANITOBA

	1989	1988
Notes payable, interest payable quarterly, due 1994, bearing interest at		
13%	$ 128,955,631	$ 128,955,631
10%	52,786,492	52,730,492
	181,742,123	181,686,123
Demand notes payable, interest payable quarterly, no fixed terms of repayment, bearing interest at		
11 1/2%	25,000	-
11 1/4%	350,000	-
11%	125,084	-
10 1/2%	5,541,154	4,875,000
10%	58,788	-
9 1/2%	8,536,126	1,450,000
9%	3,125,000	3,125,000
8 3/4%	3,850,000	2,000,000
8 1/2%	6,500,000	6,450,000
8 1/4%	2,450,000	2,450,000
8%	1,550,000	1,550,000
7 1/2%	1,000,000	1,000,000
7 1/4%	1,000,000	1,000,000
7%	800,000	800,000
	34,911,152	24,700,000
	$ 216,653,275	$ 206,386,123

5. RELATED PARTY TRANSACTIONS

(a) The common shares of the company are owned by two Crown corporations of the Province of Manitoba.

Registered titles to the company's properties are in the process of being transferred to the company. At January 31, 1989, titles which have not yet been transferred are being held for the company by the Province of Manitoba pursuant to trust agreements.

(b) The company leases all of its property to the Province of Manitoba under long-term lease agreements. The lease agreements have terms of ninety-nine years and provide for the renegotiation of rental payments every five years. Under the terms of the leases the Province of Manitoba, as tenant, is responsible for all costs relating to the maintenance and repair of the properties.

(c) Excess funds are placed on deposit with the Province of Manitoba and earn interest on the same terms and conditions as the Province offers other depositors through its trust deposit facility. Interest earned on these funds is deducted from interest incurred on notes payable for construction purposes and the difference is added to construction in progress.

6. CAPITALIZATION OF INTEREST COSTS

Interest costs of $153,208 and $1,029,888 were capitalized during 1989 and 1988 respectively, as part of the company's programme of upgrading the value of certain of the properties acquired by it from the Province of Manitoba.

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Leasing Inc.

We have examined the balance sheet of Manitoba Properties Leasing Inc. as at December 31, 1988 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied on a basis consistent with that of the preceding year.

June 23, 1989

Thorne Ernst & Whinney

MANITOBA PROPERTIES LEASING INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	December 31 1988	December 31 1987
ASSETS		
Cash	$ 7,654	$ 9,083
Investment in Manitoba Properties Inc., a 50% owned company, 15,300 common shares	170,510,891	170,510,891
	$ 170,518,545	$ 170,519,974
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable	$ 1,000	$ 1,000
Shareholder's equity		
Capital stock		
Authorized		
Unlimited Common shares		
Issued		
170,495,391 Common shares	170,513,381	170,513,381
Retained earnings	4,164	5,593
	170,517,545	170,518,974
	$ 170,518,545	$ 170,519,974

Contingent liability (note 2)

PPROVED BY THE BOARD:

MANITOBA PROPERTIES LEASING INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Year ended December 31 1988	Year ended December 31 1987
Dividend income	$ -	$ 10,000
Administrative costs	1,429	1,221
NET INCOME (LOSS)	(1,429)	8,779
Retained earnings (deficit) at beginning of year	5,593	(3,186)
RETAINED EARNINGS AT END OF YEAR	$ 4,164	$ 5,593

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1988	Year ended December 31 1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income (loss)	$ (1,429)	$ 8,779
INCREASE (DECREASE) IN CASH	(1,429)	8,779
Cash at beginning of year	9,083	304
CASH AT END OF YEAR	$ 7,654	$ 9,083

MANITOBA PROPERTIES LEASING INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for the following promissory notes assumed by Manitoba Properties Inc:

Year assumed	Amount	Due date
1984	$ 128,955,631	July 31, 1994
1986	49,945,371	July 31, 1994
1986	2,785,121	July 31, 1994
1987	56,000	July 31, 1994
	$ 181,742,123	

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Management Inc.

We have examined the balance sheet of Manitoba Properties Management Inc. as at December 31, 1988 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied on a basis consistent with that of the preceding year.

June 23, 1989

Thorne Ernst & Whinney

MANITOBA PROPERTIES MANAGEMENT INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	December 31	
	1988	1987
ASSETS		
Cash	$ 7,667	$ 9,095
Investment in Manitoba Properties Inc., a 50% owned company, 15,300 common shares	170,510,891	170,510,891
	$ 170,518,558	$ 170,519,986
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable	$ 1,000	$ 1,000
Shareholder's equity		
Capital stock		
Authorized		
Unlimited Common shares		
Issued		
170,495,391 Common shares	170,513,381	170,513,381
Retained earnings	4,177	5,605
	170,517,558	170,518,986
	$ 170,518,558	$ 170,519,986

Contingent liability (note 2)

APPROVED BY THE BOARD:

MANITOBA PROPERTIES MANAGEMENT INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Year ended December 31	
	1988	1987
Dividend income	$ -	$ 10,000
Administrative costs	1,428	1,221
NET INCOME (LOSS)	(1,428)	8,779
Retained earnings (deficit) at beginning of year	5,605	(3,174)
RETAINED EARNINGS AT END OF YEAR	$ 4,177	$ 5,605

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31	
	1988	1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income (loss)	$ (1,428)	$ 8,779
INCREASE (DECREASE) IN CASH	(1,428)	8,779
Cash at beginning of year	9,095	316
CASH AT END OF YEAR	$ 7,667	$ 9,095

MANITOBA PROPERTIES MANAGEMENT INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for the following promissory notes assumed by Manitoba Properties Inc:

Year assumed	Amount	Due date
1984	$ 128,955,631	July 31, 1994
1986	49,945,371	July 31, 1994
1986	2,785,121	July 31, 1994
1987	56,000	July 31, 1994
	$ 181,742,123	

Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1988 and the statements of operations and of retained earnings (deficit) for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1988 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

Thorne Ernst & Whinney
Chartered Accountants
Winnipeg, Manitoba
December 23, 1988

The Manitoba Public Insurance Corporation

Balance Sheet

Assets

	October 31	
	1988	1987
	(in thousands of dollars)	
Cash and short-term investments (Note 4)	$ 93,270	$ 74,710
Accounts receivable (Note 5)	38,854	39,456
Prepaid expenses and inventories	972	1,126
Deferred premium acquisition costs	11,934	3,378
Investments (Schedule 2)	327,387	281,731
Receivable from Province of Manitoba (Note 9)	59,060	—
Property and equipment (Note 6)	14,654	13,967
Organizational and deferred development costs	3,809	4,293
	$549,940	$418,661

Approved by the Board:

Harold Thomson

Chairman

Director

Liabilities and Retained Earnings (Deficit)

	October 31	
	1988	1987
	(in thousands of dollars)	
LIABILITIES		
Automobile Insurance Division		
Accounts payable and accrued liabilities	$ 12,683	$ 8,788
Provision for pension	20,494	17,161
Unearned premiums	105,176	87,351
Provision for unpaid claims	279,576	251,588
	417,929	364,888
General Insurance Division		
Accounts payable and accrued liabilities	5,494	6,149
Provision for pension	3,250	2,722
Unearned premiums	15,468	19,109
Provision for unpaid claims	80,494	85,228
	104,706	113,208
	522,635	478,096
RETAINED EARNINGS (DEFICIT)		
Automobile Insurance Division	10,969	(9,080)
General Insurance Division	16,336	(50,355)
	27,305	(59,435)
	$549,940	$ 418,661

The Manitoba Public Insurance Corporation

Automobile Insurance Division—Statement of Operations

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
REVENUE		
Premiums written	$297,374	$246,354
Premiums earned	$279,549	$237,492
Investment income	39,269	36,752
Total earned revenues	318,818	274,244
CLAIMS COSTS		
Claims incurred	230,163	278,637
Claims expense (Schedule 1)	31,045	27,708
	261,208	306,345
EXPENSES (Schedule 1)		
Administrative	15,363	10,709
Commissions	13,697	11,531
Premium taxes	8,501	7,235
	37,561	29,475
Total claims and expenses	298,769	335,820
INCOME (LOSS) FOR THE YEAR	$ 20,049	$ (61,576)

General Insurance Division—Statement of Operations

		Year Ended October 31		
		1988		1987
		(in thousands of dollars)		
REVENUE				
Premiums written		$ 33,966		$ 37,969
Premiums earned		$ 34,728		$ 37,443
Investment income		2,382		3,109
Total earned revenues		37,110		40,552
CLAIMS COSTS				
Claims incurred		15,554		33,621
Claims expense (Schedule 1)		2,096		2,061
		17,650		35,682
EXPENSES (Schedule 1)				
Administrative		7,173		7,427
Commissions		5,970		6,924
Premium taxes		1,466		1,755
		14,609		16,106
Total claims and expenses		32,259		51,788
Income (loss) before discontinued operations				
Personal and commercial lines	$(2,750)		$(12,943)	
Special risk extension	7,601	4,851	1,707	(11,236)
Income from discontinued reinsurance assumed operations (Note 10)		2,780		5,582
INCOME (LOSS) FOR THE YEAR		$ 7,631		$ (5,654)

The Manitoba Public Insurance Corporation

Automobile Insurance Division—
Statement of Retained Earnings (Deficit)

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Unappropriated:		
Balance at beginning of year	$ (9,080)	$ 52,496
Income (loss) for the year	20,049	(61,576)
Transfer to reserve for rate stabilization	(10,969)	—
	—	(9,080)
Appropriated:		
Reserve for rate stabilization	10,969	—
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	$ 10,969	$ (9,080)

General Insurance Division—
Statement of Retained Earnings (Deficit)

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Balance at beginning of year:		
Personal and commercial lines	$ (26,867)	$ (13,924)
Discontinued reinsurance assumed operations	(32,193)	(37,775)
	(59,060)	(51,699)
Funding by Province of Manitoba (Note 9)	59,060	—
	—	(51,699)
Special risk extension	8,705	6,998
	8,705	(44,701)
Income (loss) for the year:		
Personal and commercial lines	(2,750)	(12,943)
Special risk extension	7,601	1,707
Discontinued reinsurance assumed operations	2,780	5,582
	7,631	(5,654)
Balance at end of year:		
Personal and commercial lines	(2,750)	(26,867)
Special risk extension	16,306	8,705
Discontinued reinsurance assumed operations	2,780	(32,193)
	$ 16,336	$ (50,355)

The Manitoba Public Insurance Corporation

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Income (loss) for the year	$ 27,680	$ (67,230)
Non-cash items:		
Depreciation and amortization	2,173	1,743
	29,853	(65,487)
INCREASE (DECREASE) IN RESOURCES		
Accounts receivable	602	(8,407)
Prepaid expenses and inventories	154	43
Deferred premium acquisition costs	(8,556)	7,315
Accounts payable and accrued liabilities	3,240	2,318
Provision for pension	3,861	2,422
Unearned premiums	14,184	9,091
Provision for unpaid claims	23,254	65,670
	36,739	78,452
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Acquisition of property and equipment, net of proceeds from disposals	(1,953)	(2,065)
Increase in investments	(45,656)	(2,215)
Organizational and deferred development costs	(423)	(283)
	(48,032)	(4,563)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	18,560	8,402
Cash and short-term investments at beginning of year	74,710	66,308
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (Note 4)	$ 93,270	$ 74,710

The Manitoba Public Insurance Corporation

Notes to Financial Statements October 31, 1988

1. STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage upon such terms and conditions as may be prescribed by the regulations. The general insurance division insures such risks as personal property, commercial property, liability, and special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments

Investments are carried at amortized cost. The applicable discounts or premiums are amortized over the life of the investment. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational and Deferred Development Costs

The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 10% per year.

Pension Plan

The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1986.

Severance Pay

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and company policy. The liability for severance pay based on an actuarial valuation at October 31, 1988, is being amortized over fourteen years commencing with the 1988 fiscal year.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims

The provision for unpaid claims includes a provision for reported unpaid claims, an estimate for unreported claims and a provision for claims adjusting costs for reported and unreported claims.

Notes to Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Premium Deficiencies

A premium deficiency exists when future claims and expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.
ii) Where direct allocation is impracticable, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

The Corporation's financial statements are prepared net of ceded reinsurance.

Foreign Currency Translation

Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

4. CASH AND SHORT-TERM INVESTMENTS

	1988	1987
	(in thousands of dollars)	
Cash and short-term certificates	$83,733	$67,349
Investments maturing within one year	9,537	7,361
	$93,270	$74,710

At October 31, 1988 the Corporation has committed $25.6 million (1987-$9.9 million) for the purchase of various long term securities.

5. ACCOUNTS RECEIVABLE

	1988		1987	
	Subrogation	Other	Subrogation	Other
		(in thousands of dollars)		
Accounts receivable	$12,554	$34,555	$11,080	$36,230
Less allowance for doubtful accounts	6,872	1,383	5,962	1,892
	$ 5,682	$33,172	$ 5,118	$34,338

6. PROPERTY AND EQUIPMENT

	1988			1987
	Cost	Accumulated Depreciation and Amortization	Net	Net
		(in thousands of dollars)		
Land	$ 3,386	$ —	$ 3,386	$3,210
Buildings	9,897	2,142	7,755	7,977
Equipment	6,335	3,144	3,191	2,321
	19,618	5,286	14,332	13,508
Leasehold improvements	1,428	1,106	322	459
	$21,046	$6,392	$14,654	$13,967

7. REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1988, these reinsurance arrangements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $3,175,000. These arrangements protect the Corporation against losses up to $60,000,000 for the Automobile Insurance Division and $40,000,000 for the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policy holders remains with the Corporation.

Notes to Financial Statements

8. LEASE COMMITMENTS

The Corporation is committed to make payments during the next eight years on buildings leased for periods of more than one year. The aggregate annual rental of the commitments under the leases, which expire at varying dates to November 30, 1995, are:

1988/89	$1,382,000
1989/90	$1,363,000
1990/91	$1,128,000
1991/92	$1,057,000
1992/93	$1,035,000
Balance to expiry	$2,157,000

9. RECEIVABLE FROM PROVINCE OF MANITOBA

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficits of the General Insurance Division's personal and commercial lines and discontinued reinsurance assumed operations in the amount of $59,060,000. Subsequent to the year-end, the Corporation and the Province of Manitoba will prepare a plan determining the timing and payment of the funds.

10. INCOME FROM DISCONTINUED REINSURANCE ASSUMED OPERATIONS

The Corporation underwrote a portfolio of assumed reinsurance, which accepted a portion of the risk of other insurers. Effective November 18, 1987, the Corporation discontinued writing reinsurance assumed business. Claims costs and expenses will continue to be incurred until all claims on existing treaties are settled. In addition, premiums relating to the assumed business will be reflected in operations as they are earned. For the year ended October 31, 1988 the results are:

	1988	1987
	(in thousands of dollars)	
Premiums written	$ 2,114	$15,709
Premiums earned	$ 4,991	$16,008
Investment income	2,323	2,246
Total earned revenues	7,314	18,254
Claims incurred	4,009	9,284
Administrative expenses	982	1,594
Commissions	595	2,171
Foreign exchange gain	(1,052)	(377)
Total claims and expenses	4,534	12,672
Income from discontinued reinsurance assumed operations	$ 2,780	$ 5,582

11. COMPARATIVE FIGURES

For comparative purposes, 1987 figures have been reclassified where necessary to conform with the 1988 financial statement presentation.

Schedule 1

Schedule of Expenses

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Amortization of organizational and deferred development costs	$ 907	$ 738
Commissions	20,263	20,626
Data processing	3,560	3,549
Depreciation and amortization	1,266	1,005
Employee travel and allowances	795	595
Grants in lieu of taxes	653	604
Health and education tax	789	623
Premium taxes	9,967	8,990
Rent	1,811	1,820
Salaries and employee benefits	40,803	34,735
Other administrative expenses	5,022	5,453
	$ 85,836	$ 78,738
Allocation:		
Automobile Insurance Division		
Claims expense	$ 31,045	$ 27,708
Administrative expense	15,363	10,709
Commissions	13,697	11,531
Premium taxes	8,501	7,235
	68,606	57,183
General Insurance Division		
Claims expense	2,096	2,061
Administrative expense	7,173	7,427
Commissions	5,970	6,924
Premium taxes	1,466	1,755
	16,705	18,167
Discontinued Reinsurance Assumed Operations (Note 10)		
Administrative expense	982	1,594
Commissions	595	2,171
Foreign exchange gain	(1,052)	(377)
	525	3,388
	$ 85,836	$ 78,738

Schedule 2

Schedule of Investments as at October 31, 1988

Description of Securities	**Par Value**	**Book Value**
Federal:		
Government of Canada	$15,000,000	$14,875,000
Provincial:		
Province of Manitoba	89,066,000	88,769,000
Province of Quebec	2,000,000	1,964,000
Manitoba Hydro-Electric Board	23,027,000	22,128,000
Manitoba Telephone System	21,779,000	21,435,000
B.C. Hydro	2,000,000	1,944,000
Ontario Hydro-Electric Commission	31,500,000	28,471,000
Quebec Hydro	18,000,000	17,529,000
	187,372,000	182,240,000
Hospitals:		
Arborg and Districts Health Centre	1,712,000	1,712,000
Baldur Hospital District	135,000	135,000
Brandon General Hospital	1,068,000	1,060,000
Boissevain Hospital District	509,000	509,000
Boyne Valley Hostel Corporation	768,000	768,000
Carman Memorial Hospital District No. 20	2,570,000	2,570,000
Deloraine Hospital District No. 14	382,000	382,000
The De Salaberry Hospital District No. 27A	123,000	123,000
Flin Flon General Hospital	360,000	360,000
Gimli Hospital District #39	307,000	307,000
Grace General Hospital	518,000	418,000
Hamiota Hospital District #7A	28,000	28,000
Health Sciences Centre	1,682,000	1,634,000
Hunter Memorial Hospital District #33	822,000	822,000
Lakeshore District Health System Inc.	2,078,000	2,078,000
Lynn Lake Hospital District No. 38	23,000	23,000
MacGregor Personal Care Home	55,000	55,000
Manitoba Hospital Capital Financing Authority	2,703,000	2,703,000
Misericordia General Hospital	382,000	382,000
Morden Hospital District #21	367,000	367,000
Neepawa Hospital District #9	186,000	186,000
Park Manor Personal Care Home Inc.	96,000	96,000
Pine Falls General Hospital	180,000	180,000
Portage Hospital District #18	315,000	315,000
Red River Valley Health District	320,000	320,000
Roblin Health Centre District	512,000	512,000
Rossburn Personal Care Home Inc.	269,000	269,000
Russell Hospital District #8	240,000	240,000
St. Anthony's General Hospital—The Pas	360,000	360,000
St. Boniface General Hospital	30,000	26,000
Ste. Anne Hospital District No. 26A	1,418,000	1,418,000
Ste. Rose General Hospital	354,000	354,000

Schedule 2

Schedule of Investments as at October 31, 1988

Description of Securities	Par Value	BookValue
Seven Oaks General Hospital	$ 2,180,000	$ 1,868,000
Steinbach Hospital District #27	39,000	33,000
Swan River Hospital District #1	242,000	242,000
Thompson General Hospital	1,014,000	1,000,000
Tri-Lake Hospital District #15	32,000	32,000
Victoria General Hospital	1,931,000	1,923,000
Victoria-South Norfolk-Treherne Hospital District #19	101,000	101,000
Winkler General Hospital	45,000	34,000
Winkler Hospital District No. 23	185,000	185,000
Winnipeg General Hospital	33,000	31,000
Winnipegosis General Hospital Inc.	130,000	130,000
Baldur Manor	239,000	239,000
Betel Home Foundation—Gimli	44,000	44,000
Betel Home Foundation—Selkirk	254,000	254,000
Bethania Mennonite Personal Care Home Inc.	2,254,000	2,254,000
Birtle Health Services District	333,000	333,000
Dauphin Personal Care Home Inc.	276,000	276,000
Ebenezer Home for the Aged	406,000	406,000
Flin Flon Personal Care Home Corp.	705,000	705,000
Gilbert Plains Health Centre Inc.	1,529,000	1,529,000
Goodwin Lodge Inc.	40,000	40,000
Holy Family Nursing Home—Sisters Servants of Mary Immaculate	492,000	492,000
Lorne Memorial Medical Nursing Unit No. 19C	28,000	28,000
McCreary/Alonsa Personal Care Home Inc.	72,000	72,000
Manoir De Ste. Claude	116,000	116,000
Mount Carmel Clinic	1,458,000	1,458,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	197,000	197,000
Odd Fellows and Rebekahs Personal Care Home Inc.	190,000	190,000
Pinaow Wachi Inc.	95,000	95,000
Riverdale Health Services District	77,000	77,000
Riverdale Personal Care Home	66,000	66,000
Rock Lake Health District	715,000	715,000
Rock Lake Personal Care Home Inc.	175,000	175,000
Rosewood Lodge Inc.	24,000	24,000
Rossburn District Health Centre	515,000	515,000
St. Joseph's Residence	588,000	588,000
Shoal Lake/Strathclair Health Centre	134,000	134,000
Sisters Servants of Mary Immaculate—St. Paul's Home	13,000	13,000
Snow Lake Medical Nursing Unit District #40	488,000	488,000
Stonewall and District Health Centre	183,000	183,000
Tabor Senior Citizens Home Inc.	494,000	494,000
Tache Nursing Centre	669,000	669,000
The Pas Health Complex Inc.—St. Paul's Residence	288,000	288,000
The Pas Health Complex Inc.—St. Anthony's General Hospital	401,000	401,000
Third Crossing Manor Inc.	48,000	48,000
Wawanesa and District Health Centre	20,000	20,000
Wawanesa Personal Care Home	200,000	200,000

Schedule 2

Schedule of Investments as at October 31, 1988

Description of Securities	**Par Value**	**Book Value**
Winnipegosis-Mossy River Personal Care Home Inc.	$ 276,000	$ 276,000
Whitemouth Medical Nursing Unit District #29A	106,000	106,000
	41,012,000	40,499,000
Schools:		
The Agassiz School Division #13	907,000	907,000
Antler River School Division No. 43	237,000	237,000
Assiniboine South School Division No. 3	695,000	695,000
Beautiful Plains School Division No. 31	54,000	54,000
Bird Tail River School Division No. 38	705,000	705,000
Brandon School Division #40	5,149,000	5,149,000
Churchill School District No. 2264	46,000	46,000
Dauphin-Ochre School Area #1	1,583,000	1,583,000
Duck Mountain School Division #34	744,000	744,000
Flin Flon School Division #46	542,000	542,000
Fort Garry School Division No. 5	1,161,000	1,161,000
Fort La Bosse School Division No. 41	411,000	411,000
Frontier School Division No. 48	148,000	148,000
Garden Valley School Division No. 26	2,484,000	2,484,000
Hanover School Division #15	1,911,000	1,911,000
Interlake School Division #21	761,000	761,000
Intermountain School Division No. 36	382,000	382,000
Lakeshore School Division No. 23	319,000	319,000
Leaf Rapids School District #2460	225,000	225,000
Lord Selkirk School Division No. 11	2,008,000	2,008,000
Midland School Division No. 25	277,000	277,000
Morris-MacDonald School Division No. 19	270,000	270,000
Mountain School Division No. 28	641,000	641,000
Mystery Lake School District No. 2355	1,598,000	1,598,000
Norwood School Division No. 8	508,000	508,000
Pelly Trail School Division No. 37	450,000	450,000
Pembina Valley School Division No. 27	373,000	373,000
Pine Creek School Division No. 30	271,000	271,000
Portage la Prairie School Division #24	1,598,000	1,598,000
Red River School Division No. 17	306,000	306,000
Rhineland School Division # 18	184,000	184,000
River East School Division #9	5,171,000	5,171,000
Rolling River School Division #39	766,000	766,000
St. Boniface School Division No. 4	421,000	421,000
St. James-Assiniboine School Division #2	1,959,000	1,959,000
St. Vital School Division #6	3,062,000	3,062,000
Seine River School Division #14	2,856,000	2,856,000
Seven Oaks School Division #10	348,000	348,000
Souris Valley School Division No. 42	185,000	185,000
South Winnipeg Technical Centre	838,000	838,000
South Winnipeg Vocational Education Centre	933,000	933,000
Swan Valley School Division #35	262,000	262,000
Tiger Hills School Division #29	829,000	829,000

Schedule of Investments as at October 31, 1988

Description of Securities	**Par Value**	**Book Value**
Transcona School Division #12	$ 101,000	$ 101,000
Transcona Springfield School Division #12	2,671,000	2,671,000
Western School Division #47	96,000	96,000
Winnipeg School Division No. 1	13,414,000	13,414,000
The White Horse Plain School Division #20	574,000	574,000
	61,434,000	61,434,000
Municipal:		
City of Brandon	1,354,000	1,308,000
City of Flin Flon	2,168,000	2,168,000
City of Portage la Prairie	3,315,000	3,299,000
City of St. Vital	14,000	13,000
City of Transcona	10,000	9,000
City of Winnipeg	6,389,000	6,249,000
Metro Corp. of Greater Winnipeg	487,000	426,000
Town of Altona	450,000	450,000
Town of Birtle	157,000	156,000
Town of Boissevain	20,000	19,000
Town of Carman	456,000	456,000
Town of Dauphin	750,000	750,000
Town of Deloraine	501,000	501,000
Town of Emerson	297,000	297,000
Town of Gimli	108,000	108,000
Town of Gladstone	187,000	187,000
Town of Grandview	226,000	226,000
Town of Killarney	224,000	224,000
Town of Melita	275,000	275,000
Town of Minnedosa	123,000	120,000
Town of Morden	263,000	263,000
Town of Morris	229,000	229,000
Town of Neepawa	301,000	301,000
Town of Oak Lake	3,000	3,000
Town of Rapid City	101,000	101,000
Town of Rivers	39,000	35,000
Town of Roblin	446,000	446,000
Town of Russell	551,000	551,000
Town of Selkirk	569,000	569,000
Town of Snow Lake	71,000	71,000
Town of Steinbach	929,000	929,000
Town of Stonewall	253,000	253,000
Town of Swan River	297,000	297,000
Town of Tuxedo	29,000	27,000
Town of Virden	184,000	184,000
Town of Winnipeg Beach	45,000	45,000
Village of Arborg	63,000	63,000
Village of Benito	37,000	37,000
Village of Binscarth	69,000	69,000
Village of Ethelbert	9,000	9,000

Schedule 2

Schedule of Investments as at October 31, 1988

Description of Securities	**Par Value**	**Book Value**
Village of Gretna	$ 16,000	$ 16,000
Village of Hamiota	25,000	25,000
Village of Lac du Bonnet	128,000	128,000
Village of MacGregor	25,000	25,000
Village of Manitou	188,000	188,000
Village of Notre Dame De Lourdes	40,000	40,000
Village of Pilot Mound	78,000	78,000
Village of Riverton	7,000	7,000
Village of Rossburn	47,000	47,000
Village of Shoal Lake	129,000	129,000
Village of Somerset	92,000	92,000
Village of Ste. Anne	4,000	4,000
Village of St. Pierre	30,000	30,000
Village of St. Pierre-Jolys	239,000	239,000
Village of Teulon	30,000	30,000
Village of Winnipegosis	16,000	16,000
Rural Municipality of Argyle	33,000	33,000
Rural Municipality of Brenda	48,000	48,000
Rural Municipality of Brokenhead	228,000	228,000
Rural Municipality of Cartier	7,000	7,000
Rural Municipality of Coldwell	189,000	189,000
Rural Municipality of De Salaberry	12,000	12,000
Rural Municipality of Edward	102,000	102,000
Rural Municipality of Grey	5,000	5,000
Rural Municipality of Hanover	214,000	214,000
Rural Municipality of La Broquerie	21,000	21,000
Rural Municipality of MacDonald	304,000	304,000
Rural Municipality of Montcalm	156,000	156,000
Rural Municipality of Morris	521,000	521,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of North Norfolk	134,000	134,000
Rural Municipality of Ritchot	349,000	349,000
Rural Municipality of Rockwood	91,000	91,000
Rural Municipality of Roland	114,000	114,000
Rural Municipality of Ste. Rose	14,000	14,000
Rural Municipality of Siglunes	141,000	141,000
Rural Municipality of Springfield	21,000	21,000
Rural Municipality of Tache	17,000	17,000
Rural Municipality of Thompson	28,000	28,000
Rural Municipality of Victoria Beach	132,000	132,000
Rural Municipality of Whitewater	11,000	11,000
Local Government District of Consol	348,000	348,000
Local Government District of Fisher	365,000	365,000
Local Government District of Leaf Rapids	1,907,000	1,907,000
	28,615,000	28,339,000
	$333,433,000	$327,387,000

Manitoba

THE MANITOBA RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C and Schedule 1, of The Manitoba Research Council for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Research Council as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, except for the change in the method for the recording of fixed assets as explained in note 7, on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

June 5, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA RESEARCH COUNCIL

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS	1989	1988
Current:		
Cash	$ 7,000	$ 5,500
Funds on deposit with the Minister of Finance:		
Trust accounts	238,461	396,674
Term deposits	1,119,333	1,348,892
	1,357,794	1,745,566
Accounts receivable:		
Government of the Province of Manitoba	19,372	20,549
Other, net of allowance for doubtful accounts of $8,386 (1988 - $33,394)	367,740	300,092
	387,112	320,641
Prepaid expenses	33,363	25,198
Building held for resale (Note 4)	80,000	-
	1,865,269	2,096,905
Fixed:		
At cost (Note 7)	-	7,779,579
At cost less accumulated depreciation (Notes 2b,3,7)	1,555,794	-
	$ 3,421,063	$ 9,876,484

LIABILITIES AND FUND BALANCES	1989	1988
Current:		
Accounts payable	$ 348,325	$ 384,467
Advances on contracts	425	1,410
	348,750	385,877
Loan payable (Note 6)	69,905	80,546
	418,655	466,423
Funds retained for future operations, Exhibit B	1,710,108	1,630,482
Reserve for commencement of depreciation policy, Exhibit C (Note 8)	1,292,300	-
Investment in fixed assets (Note 7)	-	7,779,579
	$ 3,421,063	$ 9,876,484

EXHIBIT B

THE MANITOBA RESEARCH COUNCIL

Statement of Revenue and Expenditure and Funds Retained for Future Operations for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Revenue:		
Grants from the Government of the Province of Manitoba	$ 2,862,400	$ 2,917,900
Contracts	2,400,618	2,240,073
Interest	120,441	115,582
Sundry revenue	37,527	34,517
Total revenue	5,420,986	5,308,072
Expenditure, Schedule 1:		
Operating	5,757,236	4,967,723
Capital (Note 7)	-	508,933
Total expenditure	5,757,236	5,476,656
Results of operations - excess of expenditure over revenue	336,250	168,584
Appropriation from Reserve for commencement of depreciation policy	335,876	-
Excess of expenditure over revenue after appropriation	374	168,584
Balance of Funds retained for future operations at beginning of year:		
As previously reported	1,630,482	1,799,066
Adjustment re change in accounting policy (Note 7)	1,708,176	-
As restated	3,338,658	1,799,066
Transfer to establish Reserve for commencement of depreciation policy	(1,628,176)	-
Funds retained for future operations, end of year	$ 1,710,108	$ 1,630,482

EXHIBIT C

MANITOBA RESEARCH COUNCIL

Reserve for Commencement of Depreciation Policy (Note 8)
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Transfer from Funds retained for future operations	$ 1,628,176	$ -
Transfer to Funds retained for future operations	335,876	-
Balance, end of year	$ 1,292,300	$ -

SCHEDULE 1

THE MANITOBA RESEARCH COUNCIL

Schedule of Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Expenditures:		
Operating (Note 5):		
Advertising and promotion	$ 89,068	$ 65,448
Bad debts	5,591	14,498
Building maintenance and repair	65,618	62,070
Computer related expenses	159,112	113,593
Depreciation (Note 7)	373,275	-
Equipment-rentals, maintenance and repair	106,203	97,529
Fees-memberships, seminars, customs and audit	58,135	109,126
Heating and utilities	90,374	75,517
Interest on loan	11,370	12,507
Laboratory supplies	264,310	249,686
Library - consultants and publications	45,404	72,136
Miscellaneous	1,565	1,642
Postage, delivery and telephone	137,158	130,353
Printing and stationery supplies	78,134	75,944
Purchased testing services	96,761	147,059
Real estate rental and property taxes	282,483	291,647
Salaries and employee benefits	3,702,831	3,313,577
Staff transfer and relocation costs	16,500	15,467
Travel and transportation	173,344	119,924
	5,757,236	4,967,723
Capital (Note 7):		
Equipment and furnishings	-	508,933
Total expenditures, Exhibit B	$ 5,757,236	$ 5,476,656

Notes to Financial Statements
for the year ended March 31, 1989

1. Nature of Operations

The Manitoba Research Council was established in 1963 with the following objectives:

a) to promote and carry on research and scientific enquiries respecting agriculture, natural resources, industry or other segments of the economy of the province; and

b) to secure for Manitoba the benefits of research and scientific enquiries carried on elsewhere.

The Manitoba Research Council operates two laboratory facilities, the Canadian Food Products Development Centre in Portage la Prairie and the Industrial Technology Centre in Winnipeg.

2. Significant Accounting Policies

a) These statements are prepared on an accrual basis of accounting except contract revenue is recognized when billed. Billings are made as work is completed during the project.

b) Fixed assets are recorded at cost, less applied grant funds and accumulated depreciation. Depreciation is calculated on a straight-line basis at the following rates:

Automobiles	20%
Computer equipment	20%
Equipment	10%
Furniture and fixtures	10%

c) Certain general and administrative services are provided by the Province of Manitoba at no cost to the Council. These costs are not reflected in the financial statements. (Note 5).

3. Fixed Assets

	Cost	Funded by Government of Canada	Accumulated Depreciation	Book Value
Automobiles	$ 20,000	$ 20,000	$ -	$ -
Computer equipment	1,303,674	514,617	564,273	224,784
Equipment	4,440,451	1,945,029	1,202,643	1,292,779
Furniture and fixtures	234,393	131,481	64,681	38,231
	$ 5,998,518	$ 2,611,127	$ 1,831,597	$ 1,555,794

During 1986, the building and associated land owned by The Manitoba Research Council for the Canadian Food Products Development Centre facility were transferred to Manitoba Properties Inc. The Council retains the use of these buildings and continues to pay the related operating costs, exclusive of rent, which is paid from an appropriation of the Government of the Province of Manitoba.

4. Building Held for Resale

The building held for resale, acquired in 1986 for $80,000, is located on land leased from the City of Winnipeg. Council is currently in the process of purchasing the land and is negotiating with a prospective buyer for the sale of the land and building.

5. Administrative Expenditures

The Government of the Province of Manitoba incurs certain general and administrative expenses, including office space and utilities, on behalf of the Council. These are estimated to be $4,100 - 1989 (1988 - $18,300).

6. Loan Payable

During the 1984 fiscal year, certain improvements were made to the facilities of the Industrial Technology Centre at a cost of $117,000. The cost was financed by way of a loan repayable over ten years in equal monthly installments of $1,855.63 including principal and interest. As at March 31, 1989, the outstanding loan principle amount was $69,905.

7. Change in Accounting Policy

Effective April 1, 1988, Council changed its accounting policy for the recording of fixed assets. Previously, fixed asset acquisitions were charged to operating expenditures in the year of acquisition. The balance sheet reflected fixed assets at cost with a corresponding credit to an account called "Investment in fixed assets". The fixed assets previously recorded at cost and the offsetting investment in fixed assets were written off against each other as of April 1, 1988. The new policy is to capitalize fixed asset acquisitions and depreciate them over the estimated useful life of the asset in a manner consistent with generally accepted accounting principles.

The change in accounting policy has been initiated by determining the amount of depreciation that would have been charged in prior periods under the new policy and reflecting $1,708,176 as the undepreciated value of the fixed assets as at April 1, 1988 in the accounts. This amount is also shown as an adjustment of opening balance of Funds retained for future operations as of April 1, 1988 on Exhibit B. Prior period figures have not been restated to reflect this change in accounting policy.

The effect of this change in accounting policy is to increase fixed assets subject to depreciation by $1,555,794, to increase building held for resale by $80,000 and to increase Funds retained for future operations by $1,635,794 as of March 31, 1989, and to increase the excess of expenditure over revenue by $72,383 for the year then ended.

8. Reserve for Commencement of Depreciation Policy

The Board of Directors has approved the establishment of a reserve to be entitled "Reserve for commencement of depreciation policy". The reserve was established by appropriating an amount of $1,628,176 from Funds retained for future operations. Each year, by motion of the Board, an amount will be transferred to Funds retained for future operations from the Reserve for commencement of depreciation policy. The amount of the transfer is intended to be equivalent to the depreciation calculated for the year on fixed assets recorded as of April 1, 1988, when the new fixed asset accounting policy was adopted. However, the transfer may be in such other amounts as the Board determines to be appropriate.

9. Comparative Figures

Comparative figures for the year ended March 31, 1988 have been restated to conform with the presentation adopted for the current year.

THE MANITOBA TELEPHONE SYSTEM

Auditors' Report

To the Board of Commissioners,
The Manitoba Telephone System.

We have examined the balance sheet of The Manitoba Telephone System as at December 31, 1988 and the statements of operations and reinvested earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied, except for the change in the method of accounting for station connections as described in Note 2 to the financial statements, on a basis consistent with that of the preceding period.

Touche Ross & Co.

Chartered Accountants

Winnipeg, Manitoba,
March 6, 1989

THE MANITOBA TELEPHONE SYSTEM

BALANCE SHEET AS AT DECEMBER 31, 1988

ASSETS

	1988	1987
	(in Thousands of Dollars)	
TELECOMMUNICATIONS PROPERTY		
Buildings, plant and equipment	$1,445,008	$1,393,257
Less Accumulated depreciation	688,368	692,406
	756,640	700,851
Land	6,025	5,952
Plant under construction	35,320	49,032
Materials and supplies, at cost	17,166	20,496
	815,151	776,331
INVESTMENTS (Note 4)	999	999
INVESTMENTS HELD FOR PENSION OBLIGATIONS (Note 10 (b))	100,302	65,349
CURRENT ASSETS		
Short term investments	46,200	41,612
Accounts receivable (Note 5)	53,422	53,124
Prepayments	7,842	7,597
	107,464	102,333
DEFERRED CHARGES		
Unrealized foreign currency losses, net of amortization	5,094	30,582
Unamortized long-term debt costs	3,716	4,513
Preliminary engineering and miscellaneous	1,870	2,638
Deferred employee benefit costs, net of amortization	1,350	1,766
	12,030	39,499
	$1,035,946	$ 984,511

Approved on behalf of the Board

Paul G. Thomas

Chairman

Patricia Graham

Commissioner

See accompanying notes to financial statements.

LIABILITIES AND REINVESTED EARNINGS

	1988	1987
	(in Thousands of Dollars)	
LONG-TERM DEBT (Note 11)	$ 776,946	$ 804,055
Less Sinking fund investments	64,449	57,144
	712,497	746,911
DEFERRED EMPLOYEE BENEFITS		
Pensions	100,302	65,349
Vested sick leave	16,616	15,342
	116,918	80,691
CURRENT LIABILITIES		
Outstanding cheques less cash in bank	36,068	2,783
Note payable	5,000	5,000
Accounts payable and accrued liabilities	49,798	49,525
Advance billings and payments	5,277	5,002
Accrued interest	23,033	22,689
	119,176	84,999
	948,591	912,601
REINVESTED EARNINGS	87,355	71,910
	$1,035,946	$ 984,511

STATEMENT II

THE MANITOBA TELEPHONE SYSTEM

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1988

	12 Months Ended December 31, 1988	9 Months Ended December 31, 1987 (Note 3)
	(in Thousands of Dollars)	
OPERATING REVENUES		
Long distance service	$ 253,741	$ 169,867
Local service	166,049	116,532
Miscellaneous (Note 6)	34,775	23,929
	454,565	310,328
OPERATING EXPENSES		
Operations and administration	188,268	123,120
General	61,576	33,814
Depreciation	118,635	93,994
Operating taxes (Note 7)	12,294	6,771
	380,773	257,699
NET EARNINGS FROM OPERATIONS	73,792	52,629
OTHER REVENUES (Note 8)	19,269	14,133
NET EARNINGS BEFORE DEBT CHARGES	93,061	66,762
DEBT CHARGES (Note 9)	77,616	64,815
NET EARNINGS FOR THE PERIOD	15,445	1,947
REINVESTED EARNINGS, AT BEGINNING OF PERIOD	71,910	69,963
REINVESTED EARNINGS, AT END OF PERIOD	$ 87,355	$ 71,910

See accompanying notes to financial statements

THE MANITOBA TELEPHONE SYSTEM

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1988

	12 Months Ended December 31, 1988	9 Months Ended December 31, 1987 (Note 3)
	(in Thousands of Dollars)	
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
From operations		
Net earnings for the period	$ 15,445	$ 1,947
Cash provided by (used for) changes in working capital	349	(10,545)
Add Depreciation and other items not requiring cash (net)	150,618	112,208
Payments toward deferred employee benefits	(899)	(1,068)
Total cash provided by operating activities	165,513	102,542
CASH PROVIDED BY (USED FOR) FINANCIAL ACTIVITIES		
Issuance of long-term debt	22,000	100,000
Repayment of long-term debt	(25,000)	(65,000)
Sinking fund withdrawals	3,000	3,600
Contribution to sinking fund	(9,870)	(7,037)
Total cash provided by (used for) financial activities	(9,870)	31,563
CASH USED FOR INVESTMENT ACTIVITIES		
Construction program expenditures (net)	(149,387)	(129,533)
Increase in investments held for pension obligations	(34,953)	(13,098)
Total cash used for investment activities	(184,340)	(142,631)
DECREASE IN CASH	(28,697)	(8,526)
CASH, AT BEGINNING OF PERIOD	38,829	47,355
CASH, AT END OF PERIOD	$ 10,132	$ 38,829

Cash represents cash and short term investments net of outstanding cheques

See accompanying notes to financial statements.

THE MANITOBA TELEPHONE SYSTEM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. General

The Manitoba Telephone System is incorporated by virtue of the provisions of The Manitoba Telephone Act, as a Crown Corporation of the Province of Manitoba.

The Manitoba Telephone System follows accounting practices similar to those used by other Telecom Canada members.

b. Telecommunications property

Telecommunications property is recorded at original cost including materials, direct labour and overhead costs which vary with the level of construction. In addition, telecommunications property includes the cost of funds used to finance the construction, based on the duration of the projects.

c. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of telecommunications property by applying rates which are based on a continuing program of engineering studies.

When depreciable telephone property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

d. Translation of foreign currencies

Foreign currencies have been translated into Canadian funds at rates of exchange on the following basis:

i) long-term debt at rates prevailing at year-end;
ii) accrued interest at rates prevailing at year-end;
iii) debt charges at rates prevailing at the date of each transaction.

The unrealized gains and losses resulting from the policy of using rates prevailing at year-end is being amortized over the remaining term of the debt on a straight-line basis.

e. Pension expense

The Manitoba Telephone System records as its pension expense the total of the actual disbursements made each year to its retired employees plus an amount approved by the Board of Commissioners to be invested in a fund entitled Investments Held For Pension Obligations.

f. Sick leave vesting

The initial cost of the Sick Leave Vesting plan, which became effective June 1, 1977, is being amortized on a straight-line basis over fifteen years. The annual sick leave entitlements subsequent to June 1, 1977 are being accrued and charged to expense in the year to which they relate. Payments to employees on termination are being charged to the deferred liability.

g. Amortization of bond premiums and discounts in sinking fund investments

Bond premiums and discounts arising from the purchase of bonds at other than face value are amortized over the remaining life of the bond.

h. Amortization of long-term debt costs

Costs associated with the issuance of long-term debt are being deferred and amortized over the term of the original issue.

2. CHANGE IN ACCOUNTING POLICY

To remain consistent with recent changes to the capitalization policies of other Telecom Canada companies, certain costs associated with installing, reconnecting or reinstalling station apparatus, including inside wiring, for business and residence station connections are being expensed on a prospective basis, commencing January 1, 1988.

Expenditures of $11,261,118 for station connection costs incurred during the year were charged directly to Operations and Administration expense. In addition, the remaining $3,094,945 of undepreciated investment as at December 31, 1987, was fully depreciated in 1988. Consequently, total expense for station connections amounted to $14,356,063 in 1988 ($16,319,435 — 9 months ended December 31, 1987).

The original cost of the buildings, plant and equipment and the related accumulated depreciation of $87,144,545 was removed from the balance sheet.

THE MANITOBA TELEPHONE SYSTEM

3. CHANGE IN YEAR-END

In accordance with Order-In-Council 1197/87, dated October 14, 1987, the fiscal year-end of The Manitoba Telephone System was fixed at December 31 in each year. Because of this change, the comparative figures on the statements of operations and reinvested earnings and changes in financial position are for a nine month period.

4. INVESTMENTS

	1988	1987
	(in Thousands of Dollars)	
Telesat Canada 99,900 common shares, at cost	$999	$999

5. DUE FROM SUBSIDIARY

Included in accounts receivable is a balance of $256,408, (December 31, 1987 — $509,000) due from MTX Telecom Services Inc. (MTX), a wholly owned subsidiary. This amount represents the net assets of MTX as of December 31, 1988.

6. MISCELLANEOUS OPERATING REVENUES

	12 Months Ended December 31, 1988	9 Months Ended December 31, 1987
	(in Thousands of Dollars)	
Directory advertising	**$24,203**	$17,462
Rentals and attachments	**7,215**	4,969
Other	**3,357**	1,498
	$34,775	$23,929

7. OPERATING TAXES

This category represents grants to municipalities in lieu of property taxes, The Manitoba Telephone System's portion of Canada Pension Plan and Unemployment Insurance, the Health and Education Levy, Federal Telecommunications Service Tax and general levies.

8. OTHER REVENUES

	12 Months Ended December 31, 1988	9 Months Ended December 31, 1987
	(in Thousands of Dollars)	
Investment income	**$13,847**	$10,396
Surcharge on overdue accounts	**2,310**	1,605
Interest charged to construction	**1,338**	1,051
Miscellaneous, net	**1,774**	1,081
	$19,269	$14,133

9. DEBT CHARGES

	12 Months Ended December 31, 1988	9 Months Ended December 31, 1987
	(in Thousands of Dollars)	
Interest on long-term debt	**$74,306**	$57,550
Amortization of unrealized foreign currency losses	**1,508**	5,866
Amortization of long-term debt costs	**797**	652
Other interest expense and debt charges	**1,005**	747
	$77,616	$64,815

10. PENSIONS

a. Pension expense

Employees of The Manitoba Telephone System are pensionable under the Civil Service Superannuation Fund (the Fund) and make contributions to the Fund at prescribed rates. The Manitoba Telephone System is required to pay 50% of the pension disbursements made to retired employees. These pension payments are charged to general expense in the year of the disbursements. For the year ended December 31, 1988, The Manitoba Telephone System charged $7,366,000 to expenses as a result of such disbursements.

THE MANITOBA TELEPHONE SYSTEM

10. PENSIONS (Continued)

In addition, the Board of Commissioners approved contributions totalling $34,953,000 (including investment income of $4,030,000) to a fund entitled Investments Held for Pension Obligations, of which $30,098,000 has been charged to pension expense. The total charge to expense for pensions, excluding amounts capitalized, for the year ended December 31, 1988 is $36,285,000 (9 months ended December 31, 1987 — $15,149,000).

b. *Investments held for pension obligations*

Investments held for pension obligations are recorded at cost, unless there is a permanent impairment in the value of the investments.

The market value of investments at December 31, 1988 totalled $98,166,000 (December 31, 1987 — $61,229,000).

The investments are administered by external investment managers.

c. *Pension liability*

Based on a formula contained in an actuarial report prepared as of December 31, 1986, The Manitoba Telephone System had a liability for pension obligations as at December 31, 1988, of approximately $232,000,000 (December 31, 1987 — $207,000,000). This liability is based on the assumption that future pensions will be increased due to increases in the cost of living.

THE MANITOBA TELEPHONE SYSTEM

11. LONG-TERM DEBT

a) Advances, note and bonds payable

	Outstanding at rates prevailing December 31, 1988	Outstanding at rates prevailing December 31, 1987
	(in Thousands of Dollars)	
Province of Manitoba advances		
Series 10V, $9^{3}/_{4}$%, due December 1, 1988	$ —	$ 25,000
*Series BG, 9.375%, due August 2, 1990	100,000	100,000
Series 11E, $14^{3}/_{4}$%, due July 1, 1991 (40.0 million U.S. Dollars)	47,708	51,992
Series 11J, $15\ ^{1}/_{4}$%, due March 31, 1992	40,000	40,000
Series AN, $11^{1}/_{2}$%, due May 15, 1995	50,000	50,000
Series UFA1, 11%, due November 5, 1995	55,000	55,000
Series AX, $7^{4}/_{5}$%, due May 20, 1996	64,092	64,092
Series UFA2, $9^{13}/_{25}$%, due September 26, 1996	65,600	65,600
**Series BC, $8^{1}/_{2}$%, due February 5, 1997	87,500	87,500
Series 10T, $9^{3}/_{4}$%, due May 15, 1998	12,090	12,090
Series 11A, $10^{1}/_{4}$%, due August 1, 1999	5,000	5,000
Series 9X, 10%, due December 5, 1999	10,000	10,000
	536,990	566,274
Note payable		
Province of Manitoba note, 11.35%, due May 23, 1989	22,000	—
The Manitoba Telephone System bonds payable		
Debentures fully guaranteed by the Province of Manitoba		
Series 1J, $7^{3}/_{4}$%, due February 15, 1989	10	10
Series 1M, 8%, due September 15, 1989	108	108
Series 1E, 5%, due January 15, 1991 (14.5 million U.S. Dollars)	17,294	18,847
Series 1N, $7^{7}/_{8}$%, due November 15, 1991	20,000	20,000
Series IF, $6^{1}/_{4}$%, due December 1, 1991	20,000	20,000
Series 1V, 5%, due January 3, 1992 (80.0 million Swiss Francs)	63,544	81,816
Series 1G, 7%, due February 15, 1993	20,000	20,000
Series 1P, $7^{7}/_{8}$%, due March 15, 1993	10,000	10,000
Series 1T, 10%, due July 2, 1995	10,000	10,000
Series 1U, $10^{1}/_{2}$%, due May 1, 1996	20,000	20,000
Series 1S, $8^{3}/_{4}$%, due March 1, 1999	37,000	37,000
	217,956	237,781
	$776,946	$804,055

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* After 1990, extendable at the option of the bond holder

**Retractable February 5, 1990

THE MANITOBA TELEPHONE SYSTEM

11. LONG-TERM DEBT (Continued)

b) Sinking fund

Under the requirements of The Manitoba Telephone Act, The Manitoba Telephone System is required to pay a contribution to the Minister of Finance of the Province of Manitoba, as trustee for the sinking fund. The Sinking Fund contribution for the year ending December 31, 1988 was $9,870,000 (9 months ended December 31, 1987 — $7,037,000). The market value of the investments held in the fund at December 31, 1988 is $63,299,329 (December 31, 1987 — $56,457,453).

The following payments will be required to meet sinking fund conditions and debt retirements:

Year ending December 31	Sinking Fund Payment	Debt Retirement
	(in Thousands of Dollars)	
1989	$10,115	$ 22,118
1990	10,517	187,500
1991	8,799	105,002
1992	7,058	103,544
1993	6,067	30,000

c) Refinancing

It is the intention of The Manitoba Telephone System to refinance its maturing long-term debt, and accordingly all such debt is presented as a long-term obligation.

12. LEASE COMMITMENTS

The Manitoba Telephone System rents buildings, construction and other equipment, under operating leases. The aggregate annual rental of the commitments under the leases, which expire at varying dates to December 31, 1993, are:

1989	$3,334,640
1990	1,892,262
1991	1,056,106
1992	667,414
1993	377,812

13. COMPARATIVE FIGURES

The 1987 figures have been reclassified where necessary to conform to 1988 presentation.

Manitoba

THE MANITOBA TRADING CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Trading Corporation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, CA,
Provincial Auditor.

September 12, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA TRADING CORPORATION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Cash on deposit with Minister of Finance	$ 505,615	$ 503,910
Accounts receivable - Trade	-	1,705
	$ 505,615	$ 505,615
LIABILITIES		
Non-interest bearing advances from the Government of the Province of Manitoba for working capital	$ 500,000	$ 500,000
Funds available for future operations:		
Balance at beginning of year	5,615	5,365
Revenue over expenditure, Exhibit B	-	250
Balance at end of year	5,615	5,615
	$ 505,615	$ 505,615

EXHIBIT B

THE MANITOBA TRADING CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
REVENUE:		
Participation Fees re Agritechnica '87	$ -	$ 7,700
Expense Recoveries re Agritechnica '87 from Industry, Trade & Tourism	-	3,124
VAT Refund from the Federal Republic of Germany	-	1,705
	-	12,529
EXPENDITURE:		
Display Rental and Expenses in Germany re Agritechnica '87	-	12,279
REVENUE OVER EXPENDITURE, EXHIBIT A	$ -	$ 250

THE MANITOBA TRADING CORPORATION

Notes to Financial Statements
as at March 31, 1989

1. Status and Nature of the Corporation

The Manitoba Trading Corporation was formed by an Act of Legislation in 1974. The mandates of the Corporation are to encourage, develop and increase Manitoba exports and trade; and to provide short-term financing to Manitoba Corporations engaging in export transactions.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Corporation:

a) The accrual basis of accounting is used in the preparation of these financial statements, except for interest on accounts receivable which is recorded on a cash basis.

b) Administrative expenditures are funded from an appropriation of the Department of Industry, Trade and Tourism. The value of these has not been estimated and is not reflected in the financial statements.

Manitoba

THE MANITOBA TRAINING ADVISORY COUNCIL INC.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Training Advisory Council Inc. for the year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Training Advisory Council Inc. as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

April 18, 1989
Winnipeg, Manitoba

EXHIBIT A

MANITOBA TRAINING ADVISORY COUNCIL INC.

Balance Sheet
as at March 31, 1989

ASSETS	1989	1988
Current Assets:		
Cash on hand and in bank	$ 57,864	$ 43,984
Accounts receivable	-	337
Balance of grant receivable from the Government of the Province of Manitoba	-	351
	57,864	44,672
Fixed Assets, at cost (Notes 2(b),6):		
Furniture and equipment	-	19,509
Leasehold improvements	-	7,493
	-	27,002
	$ 57,864	$ 71,674

LIABILITIES	1989	1988
Current Liabilities:		
Accounts payable	$ 2,100	$ 763
SHAREHOLDER'S EQUITY		
Capital Stock:		
Authorized - unlimited number of common shares without maximum consideration		
Issued and fully paid - 1 share at $1	1	1
Funds Retained for Working Capital and Future Operations:		
Balance, beginning of year	43,908	-
Excess of revenues over expenditures, Exhibit B	11,855	43,908
Balance, end of year	55,763	43,908
Investment in fixed assets (Note 2(b),6)	-	27,002
	55,763	70,910
	$ 57,864	$ 71,674

EXHIBIT B

MANITOBA TRAINING ADVISORY COUNCIL INC.

Statement of Revenues and Expenditures for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Revenues:		
Government of the Province of Manitoba:		
Grants	$ 201,754	$ 161,400
Other payments (Note 3)	27,000	20,000
	228,754	181,400
Expenditures:		
Board meetings and expenses	2,401	1,218
Equipment and furnishings	3,003	19,509
Equipment rental	743	193
Incorporation fees	45	241
Leasehold improvements	332	7,493
Miscellaneous	889	914
Office space	13,100	9,500
Office supplies, printing and postage	5,830	7,169
Professional fees	4,095	3,150
Salaries and benefits (Note 5)	176,020	76,445
Staff recruitment and development	1,542	7,809
Staff travel and expenses	5,641	2,363
Telephone	3,258	1,488
	216,899	137,492
Excess of revenues over expenditures, Exhibit A	$ 11,855	$ 43,908

1. Incorporation and Function:

The Manitoba Training Advisory Council Inc. was incorporated under The Corporations Act as a share capital corporation on August 5, 1987. The issued share is owned by the Province of Manitoba as represented by the Minister of Employment Services and Economic Security. The Council was established as a condition of the Canada/Manitoba Agreement on Training, to

a) plan and secure training related to the needs of the Manitoba and Canada labour markets;

b) advise Manitoba and Canada on the nature and level of the funding and purchase of training services;

c) administer the purchase of training services on behalf of third parties by way of contracts with the Government of Canada and with third parties; and

d) improve the ability of public training institutions in Manitoba to access funds for the provision of training.

The Canada/Manitoba Agreement on Training extended from April 1, 1986 to March 31, 1989. The agreement provides that the Government of Canada will reimburse the Province of Manitoba for 50% of the annual operating costs of the Council.

On August 30, 1988, the Government of the Province of Manitoba decided to discontinue operation of the Council. Activity since that date has consisted of liquidation of the Council's assets and liabilities and legal procedures to dissolve the Council. This process is continuing.

2. Accounting Policies:

a) General - The financial statements are prepared on an accrual basis, except that purchases of fixed assets are charged to operations in the year of acquisition.

b) Fixed Assets - The balance sheet reflects fixed assets at cost with a corresponding credit to "Investment in fixed assets". The Council's policy is to remove the costs of all physical assets from the accounts which have:

- become obsolete during the year,
- been sold or otherwise disposed of during the year, or
- in the case of leasehold improvements, a full write-off will be recorded at the termination of the lease period.

c) **Revenues** - The financial statements do not reflect the Government of Canada's share of the Council's operating costs as revenues (Note 4).

3. Services and Benefits Provided by the Province of Manitoba:

The Province of Manitoba provided legal services, payroll services and office space for the Council. The employer's share of employee benefits was also borne by the Province. The Council estimates the value of these services and benefits at $27,000 (1988 - $20,000). The financial statements reflect these services and benefits as revenues from the Province of Manitoba and as expenditures in the appropriate disbursement category.

4. Government of Canada Recoveries:

The Government of Canada's share of the cost of operations is paid directly into the general revenues of the Province of Manitoba. An amount of $108,450 (1988 - $68,746) is estimated to be recoverable by the Province from the Government of Canada for operations to March 31, 1989.

5. Start up Costs:

1988 salaries include $13,265 related to start up costs prior to incorporation.

6. Fixed Assets:

During the year the Council disposed of its fixed assets by transferring them at no cost to the shareholder. The lease for office space expired March 14, 1989.

BDO
GUENETTE CHAPUT

Comptables Agréés
Chartered Accountants

Auditors' Report

To the Board
THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD
Winnipeg, Manitoba

We have examined the balance sheet of THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD as at June 30, 1988 and the statements of operations, pool transactions and cash flow for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at June 30, 1988 and the results of its operations and the changes in cash flow for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Guenette Chaput
Chartered Accountants

Winnipeg, Manitoba
October 13, 1988

INTERNATIONAL
BDO
BINDEP

Statement "1"

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Balance Sheet

As At June 30, 1988

	1988	1987
ASSETS		
Current Assets		
Cash	$ 323	605
Accounts receivable (Note "2")	745,485	2,630,385
Inventories	40,145	34,129
Prepaid expenses	292,484	215,961
	1,078,437	2,881,080
Long-term Investments		
Shares - Peak of the Market Sales Ltd.	30	30
Fixed Assets		
Land and building	681,868	681,868
Equipment and automobiles	1,050,452	1,026,780
	1,732,320	1,708,648
Deduct: Assistance grants	(26,487)	(26,487)
	1,705,833	1,682,161
Deduct: Accumulated depreciation	(1,030,091)	(948,770)
	675,742	733,391
	$ 1,754,209	3,614,501
LIABILITIES AND CAPITAL SURPLUS		
Current Liabilities		
Bank line of credit (Note "3")	$ 657,899	2,180,655
Accounts payable - producers	304,595	534,067
- other	185,624	238,443
Funds held for promotion and research, Schedule "A"	67,288	47,332
Funds held for freight equalization, Schedule "A"	(953)	-
Other trust accounts (Note "4")	29,246	25,718
	1,243,699	3,026,215
Other Liabilities		
Operations account, Statement "2"	225,324	303,100
Total Liabilities	1,469,023	3,329,315
Capital Surplus		
Financial assistance provided by the Governments of Canada and Manitoba, not repayable	206,438	206,438
Valuation of land and building	78,748	78,748
	285,186	285,186
	$ 1,754,209	3,614,501

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operations

Year Ended June 30, 1988

	1988	1987
Revenues		
Board's assessments against pools, Statement "3"	$ 589,204	594,560
Prepack operation		
Sales	6,178,014	7,196,653
Deduct: Cost of sales	(5,485,539)	(6,503,706)
	692,475	692,947
Processing fees		
Cartage and storage	616	314
Custom work	30,065	10,554
Washing and grading	118,421	191,146
	149,102	202,014
Sundry		
Rental revenue	72,255	69,188
Direct pricing handling	65,752	139,866
Computer grant	50,000	-
Other revenue	38,320	47,441
	226,327	256,495
Total Revenue	1,657,108	1,746,016
Operating expenditures, Schedule "B"	1,734,884	1,739,166
Increase (decrease) in operations account	(77,776)	6,850
Operations account, beginning of year	303,100	296,250
Operations account, end of year	$ 225,324	303,100

Statement "3"

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Transactions

Year Ended June 30, 1988

	1988	1987
Revenue from vegetables sold through pools	$11,508,460	12,320,826
Pool Charges		
Direct charges		
Brokerage	76,494	57,565
Containers	8,572	10,676
Freight equalization	113,408	132,814
Inspection	7,371	5,216
Prepack subsidy	30,640	5,500
Seed delivery	13,126	4,726
Selling and promotion allowances	30,598	14,164
	280,209	230,661
Funds allocated for		
Promotion and research - all crops	52,557	48,844
Freight equalization - potatoes	78,406	94,069
	130,963	142,913
Board's assessments		
Handling charges	563,503	498,347
Processing fees	23,447	16,692
Waxing	-	77,273
Fractional differences	2,254	2,248
	589,204	594,560
Total Pool Charges	1,000,376	968,134
Distributed to producers	$10,508,084	11,352,692

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Cash Flow

Year Ended June 30, 1988

	1988	1987
Cash provided by (used for):		
Operations and Working Capital		
Net increase (decrease) in operations account	$ (77,776)	6,850
Add: Non-cash items		
Depreciation	86,498	85,274
Gain on sale of fixed assets	(1,262)	-
Cash flow from operations	7,460	92,124
Net change in non-cash working capital	1,542,601	(1,482,411)
	1,550,061	(1,390,287)
Financing Activities	-	-
Investing Activities		
Purchase of fixed assets	(31,687)	(66,476)
Proceeds from disposal of fixed assets	4,100	-
	(27,587)	(66,476)
Change in Cash Position	1,522,474	(1,456,763)
Cash Position, beginning of year	(2,180,050)	(723,287)
Cash Position, end of year	$ (657,576)	(2,180,050)
Represented by:		
Cash	$ 323	605
Bank line of credit	(657,899)	(2,180,655)
	$ (657,576)	(2,180,050)

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements

As At June 30, 1988

Note "1" Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following policies:

a) Investment in Peak of the Market Sales Ltd.

The Board reflects its investment in Peak of the Market Sales Ltd., a wholly owned subsidiary, at cost. The subsidiary operates on a breakeven basis and acquires all of its products from the Board at regular Board prices, for resale at the same prices and all operating costs are absorbed by the Board. Total sales to the subsidiary (1987 - $4,961,844; 1988 - $3,944,905) have not been segregated in these financial statements. The amount reflected as accounts receivable from Peak of the Market Sales Ltd. represents the amount due to the subsidiary from its customers as at the year-end date.

b) Inventories

The inventories are valued at the lower of cost and net realizable value.

c) Fixed Assets

Land and building have been recorded at the book value transferred from the preceding entity. Equipment and automobiles are stated at cost. The depreciation policy is to write-off the assets on a straight-line basis over their estimated useful life as follows:

Building	40 years
Equipment	10 years
Automobiles	5 years

d) Operations Account

The Board operates on a breakeven basis, recovering its estimated costs by assessing handling charges against the pools handled on behalf of the participating producers. The prepack operation and other processing services are offered in order to enhance the overall pooling process. The mark-up applied to the prepack operation and rates charged for other processing services are also based on the estimated costs of providing the related services. Any variance between the estimated costs recovered from the aforementioned sources and actual costs of Board operations is accumulated in the Operations account. The balance of this account represents funds held for producers which have not been allocated and are used for working capital purposes.

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements

As At June 30, 1988

Note "2" Accounts Receivable

The accounts receivable are comprised of the following:

	1988	1987
Trade	$ 415,643	515,670
Subsidiary	276,474	624,754
Producers	46,608	139,332
Storage crop advance	5,784	1,346,391
Other	976	4,238
	$ 745,485	2,630,385

Note "3" Bank Indebtedness

The bank indebtedness is comprised of the following:

	1988	1987
Outstanding cheques	$ 349,745	396,217
Operating overdraft, interest at prime, secured by general assignment of accounts receivable and guarantee by Peak of the Market Sales Ltd. to $700,000	296,289	436,871
Crop storage overdraft (1987 - loans), interest payable at prime - 1/4% and balance guaranteed by the Government of Canada	11,865	1,347,567
	$ 657,899	2,180,655

Statement "5"

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements

As At June 30, 1988

Note "2" Accounts Receivable

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	$ 657,899	2,180,655

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements

As At June 30, 1988

Note "4" Other Trust Accounts

The transactions pertaining to the other trust account is as follows:

	Cultivar Research Project
Balance, June 30, 1987	$ 25,718
Contributions from participants	32,346
Interest received	584
	58,658
Disbursements	(29,402)
Balance, June 30, 1988	$ 29,246

Note "5" Commitment

The Board has a commitment relating to the development of a "Grower System" custom software package amounting to $2,520.

Schedule "A"

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Schedule of Pools Funds Held

Year Ended June 30, 1988

	1988	1987
Promotion and Research - all crops		
Balance, beginning of year	$ 47,332	33,344
Add: Funds allocated from pools, Statement "3"	52,557	48,844
Amount provided from direct priced sales	5,218	7,835
Grants and commissions	20,658	9,873
	125,765	99,896
Deduct: Promotional charges	(58,477)	(52,564)
Balance, end of year, Statement "1"	$ 67,288	47,332
Freight Equalization - Potatoes		
Balance, beginning of year	$ -	355
Add: Funds allocated from pools, Statement "3"	78,406	94,069
Overquota service charges	16,820	24,317
Amount charged to producers re deficit balance	-	21,547
	95,226	140,288
Deduct: Freight allowances to wholesalers	(96,179)	(140,288)
Balance, end of year, Statement "1"	$ (953)	-

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Schedule of Operating Expenditures

Year Ended June 30, 1988

	1988	1987
Audit	$ 17,359	20,470
Bad debts	1,338	31,460
Board members' fees	14,379	15,412
Board members' expenses	8,190	8,550
Bank service charge	3,000	3,034
Cafeteria operations, net	7,046	6,716
Claims and allowance	2,663	2,116
Computerization	13,119	30,581
Containers and packaging supplies	188,297	175,117
Depreciation	86,498	85,274
Equipment rental	2,779	3,140
Fuel, water, light and power	61,630	69,966
Health and post secondary education tax levy	19,419	14,575
Insurance	23,685	20,744
Interest	27,751	15,600
Legal	6,736	10,785
Maintenance and repairs	91,746	81,640
Manager's expenses	620	835
Miscellaneous	21,152	18,145
Office supplies and postage	26,509	24,807
Pension and employee insurance	104,193	97,241
Property and business taxes	74,269	73,390
Public relations, promotion and travel	39,232	37,842
Salaries and wages	844,817	844,188
Telephone and telex	27,083	25,127
Truck and auto	21,374	22,411
	$ 1,734,884	1,739,166

Manitoba

THE MANITOBA WATER SERVICES BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and D, and Schedules 1 and 2, of The Manitoba Water Services Board for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

September 22, 1989,
Winnipeg, Manitoba.

THE MANITOBA WATER SERVICES BOARD

Balance Sheet
as at March 31, 1989

ASSETS

	1989	1988
Current assets:		
Cash on deposit with the Minister of Finance Exhibit D, (Note 1(a))	$ 349,566	$ 544,870
Accounts receivable	1,372,956	2,574,529
Grants receivable from the Government of the Province of Manitoba - subsidization of construction costs	128,527	84,939
Accrued interest	552,219	615,507
Prepaid expenses	56,003	41,552
	2,459,271	3,861,397
Debentures receivable from municipalities, Schedule 1 (Note 3)	12,556,397	13,198,163
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	1,403,323	1,476,129
Fixed assets: (Notes 1(e) and 4)		
Works, at cost		
Land and easements	94,464	102,744
Building and equipment	6,098,263	6,599,696
	6,192,727	6,702,440
Less accumulated depreciation	3,868,453	4,091,605
	2,324,274	2,610,835
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (Notes 1(b) and 5)	54,924	732,297
Amortized interest recoverable	-	4,471
	$ 18,798,189	$ 21,883,292

Exhibit A

LIABILITIES

	1989	1988
Current liabilities:		
Accounts payable and accrued charges	$ 864,360	$ 962,640
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	13,543,385	16,318,452
Debentures - Canada Mortgage and Housing Corporation	2,103,945	2,254,461
Bonds	3,023,000	3,023,000
	18,670,330	21,595,913
Less sinking fund: (Note 1(f))		
Cash on deposit with the Minister of Finance	836,501	754,770
Investments, at cost	-	20,491
	836,501	775,261
	17,833,829	20,820,652
Interest adjustment fund account (Notes 1(c) and 7)	100,000	100,000
	$ 18,798,189	$ 21,883,292

Exhibit B

THE MANITOBA WATER SERVICES BOARD

Statement of Operating Revenues and Expenditures for the year ended March 31, 1989

	1989	1988
Revenues:		
Sale of water	$ 2,909,850	$ 2,807,174
Interest:		
Municipalities	1,630,848	1,628,826
Sinking funds and funds on deposit (Note 1(f))	125,217	106,106
Grant from the Government of the Province of Manitoba - subsidization of water rates (Note 5)	242,627	218,747
	4,908,542	4,760,853
Expenditures:		
Interest:		
Advances	1,792,169	1,858,598
Bonds and debentures	435,678	450,550
Audit and other fees	18,600	29,076
Chemicals	503,333	482,091
Depreciation (Note 1(e))	172,703	177,692
Salaries and benefits	754,801	762,016
Heat, telephone, light and power	331,594	317,512
Repairs and maintenance	175,556	268,277
Water purchased for resale	168,591	178,913
	4,353,025	4,524,725
Interest applied to construction	(381,173)	(291,812)
	3,971,852	4,232,913
Excess of operating revenues over expenditures, Exhibit C	$ 936,690	$ 527,940

Exhibit C

THE MANITOBA WATER SERVICES BOARD

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5) for the year ended March 31, 1989

	1989	1988
Balance, beginning of year	$ 732,297	$ 1,260,237
Add: Refund of excess operating revenues over expenditures	259,317	-
Deduct: Excess of operating revenues over expenditures, Exhibit B	936,690	527,940
Balance, end of year, Exhibit A	$ 54,924	$ 732,297

Exhibit D

THE MANITOBA WATER SERVICES BOARD

Statement of Changes in Cash Position for the year ended March 31, 1989

	1989	1988
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 936,690	$ 527,940
Refund of excess operating revenues over expenditures	(259,317)	-
Items not involving cash:		
Depreciation	172,703	177,692
Amortization of sinking fund bond discount - net	4,471	312
	854,547	705,944
Net change in non-cash working capital balances	1,108,542	(283,130)
	1,963,089	422,814
Financing activities:		
Construction of facilities for municipalities	(11,809,810)	(8,646,828)
The Government of the Province of Manitoba:		
Grants - subsidization of construction costs	4,156,968	3,531,795
Advances - net	(2,775,067)	(1,075,794)
Municipalities:		
Debenture principal repayments	641,766	603,751
Construction expenditure recoveries	7,725,648	4,835,468
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(150,516)	(137,268)
Sinking fund payments - net	(61,240)	(58,885)
	(2,272,251)	(947,761)
Investment activities:		
Fixed asset additions	(15,120)	-
Proceeds from transfer of ownership - Winkler plant	128,978	-
	113,858	-
Increase (decrease) in cash	(195,304)	(524,947)
Cash, beginning of year	544,870	1,069,817
Cash, end of year, Exhibit A	$ 349,566	$ 544,870

Cash is represented by cash on deposit with the Minister of Finance

Schedule of Debentures Receivable from Municipalities as at March 31, 1989

MUNICIPALITY	NUMBER OF DEBENTURES	TERM	INTEREST RATES %	BALANCE
Brought forward	89			$ 5,110,747
Village of Notre Dame de Lourdes	3	October 31, 1989 - 1995	9.25-10.95	42,058
R.M. of Ochre River	2	December 31, 1989 - 2002	12.625-13.125	26,262
R.M. of Pembina	1	October 31, 1989	11.25	1,711
R.M. of Pipestone	2	October 31, 1989 - 2000	11.25-13.75	40,577
Village of Plum Coulee	3	October 31, 1989 -1999	9.00-11.25	213,551
City of Portage la Prairie	6	October 31, 1989 - 2000	9.00-13.75	1,514,943
City of Portage la Prairie	1	December 31, 1989 - 2002	13.125	61,756
R.M. of Portage la Prairie	2	October 31, 1989 - 1995	9.25-10.95	69,927
Town of Rapid City	1	October 31, 1989 - 1998	9.80	10,400
R.M. of Ritchot	6	October 31, 1989 - 2000	9.80-13.75	99,413
R.M. of Ritchot	2	December 31, 1989 - 2004	12.625-12.75	123,616
R.M. of Riverside	2	October 31, 1989 - 2000	11.25-13.75	145,242
Village of Riverton	4	October 31, 1989 - 1998	9.00-10.95	158,837
Village of Riverton	1	December 31, 1989 - 2002	13.125	16,197
Town of Roblin	2	October 31, 1989 - 2000	11.25-13.75	252,189
Village of Rossburn	5	October 31, 1989 - 2000	9.00-13.75	67,640
Town of Russell	1	December 31, 1989 - 2004	12.75	333,614
Village of Ste. Anne	2	October 31, 1989 - 1996	9.80-11.25	47,001
Village of St. Claude	3	October 31, 1989 - 1996	9.80-10.95	37,744
Village of St. Claude	1	December 31, 1989 - 1999	12.75	13,799
Village of Ste. Rose du Lac	4	October 31, 1989 - 1997	9.00-10.95	50,144
Village of Ste. Rose du Lac	1	December 31, 1989 - 2004	12.75	64,759
Town of Selkirk	6	October 31, 1989 - 2000	9.00-13.75	993,663
Village of Shoal Lake	1	October 31, 1989 - 2000	13.75	145,229
R.M. of Siglunes	1	December 31, 1989 - 2001	13.125	6,593
Town of Souris	3	October 31, 1989 - 1998	9.00-9.80	386,627
Town of Souris	1	December 31, 1989 - 2000	12.75	14,814
Town of Steinbach	3	October 31, 1989 - 1997	9.00-10.95	63,553
Town of Stonewall	2	October 31, 1989 - 2006	9.80-10.95	822,125
R.M. of Strathcona	2	October 31, 1989 - 2000	11.25-13.75	38,511
L.G.D. of Stuartburn	3	October 31, 1989 - 2000	9.80-13.75	139,366
Town of Swan River	3	October 31, 1989 - 1997	9.00-10.95	401,429
R.M. of Tache	3	October 31, 1989 - 1998	9.00-10.95	21,046
Village of Teulon	1	October 31, 1989 - 2006	8.00	322,332
R.M. of Thompson	1	October 31, 1989 - 1996	9.80	102,439
Village of Treherne	2	October 31, 1989 - 1996	9.80-11.25	111,867
Town of Virden	3	October 31, 1989 - 1998	9.80-13.75	298,800
Town of Virden	1	December 31, 1989 - 1998	13.125	15,161
Community of Wabowden	1	August 1, 1989 - 1995	9.00	148,234
Village of Wawanesa	1	October 31, 1989 - 1999	11.25	2,316
Town of Winkler	1	October 31, 1989 - 1996	9.80	16,289
Town of Winnipeg Beach	1	October 31, 1989 - 1999	11.25	3,876
	184			$ 12,556,397

THE MANITOBA WATER SERVICES BOARD

Schedule 1

Schedule of Debentures Receivable from Municipalities
as at March 31, 1989

MUNICIPALITY	NUMBER OF DEBENTURES	TERM	INTEREST RATES %	BALANCE
Village of Arborg	4	October 31, 1989 - 1998	9.25-11.25	$ 119,636
Village of Benito	1	October 31, 1989 - 1998	9.80	8,276
Village of Binscarth	1	October 31, 1989 - 1998	11.25	28,774
Village of Binscarth	1	December 31, 1989 - 2004	12.75	4,139
R.M. of Birtle	2	October 31, 1989 - 2000	11.25-13.75	131,753
Town of Birtle	2	December 31, 1989 - 2003	12.625-13.125	232,021
Town of Carman	3	October 31, 1989 - 1999	9.00-11.25	168,944
R.M. of Cartier	1	October 31, 1989 - 1995	10.95	92,153
Village of Cartwright	1	December 31, 1989 - 2004	12.75	20,098
R.M. of Coldwell	2	October 31, 1989 - 1996	9.80-10.95	98,586
L.G.D. of Consol	1	October 31, 1989 - 1996	9.80	41,705
Town of Dauphin	2	October 31, 1989 - 1996	9.80-10.95	319,956
Town of Deloraine	2	October 31, 1989 - 1999	9.80-11.25	20,135
R.M. of De Salaberry	2	December 31, 1989 - 2004	12.625-12.75	81,504
R.M. of East St. Paul	3	October 31, 1989 - 1997	9.00-10.95	109,095
Town of Emerson	2	October 31, 1989 - 1998	9.80-11.25	27,441
Village of Erickson	1	October 31, 1989 - 1994	9.25	3,972
R.M. of Eriksdale	1	October 31, 1989 - 1996	9.80	5,215
Village of Ethelbert	1	October 31, 1989	11.25	1,627
City of Flin Flon	5	December 31, 1989 - 2004	12.625-12.75	1,539,759
Village of Gilbert Plains	2	October 31, 1989 - 1995	9.25-10.95	65,129
Village of Glenboro	1	December 31, 1989 - 2002	13.125	93,618
Town of Grandview	4	October 31, 1989 - 1999	9.00-11.25	76,725
Town of Grandview	1	December 31, 1989 - 2002	13.125	54,906
Village of Gretna	2	October 31, 1989 - 1995	9.80-10.95	13,738
R.M. of Grey	1	October 31, 1989 - 1999	11.25	74,028
R.M. of Hanover	7	October 31, 1989 - 1999	9.00-11.25	302,041
R.M. of Hanover	2	December 31, 1989 - 2004	12.75	160,088
Town of Killarney	1	December 31, 1989 - 2004	12.75	30,730
Village of Lac du Bonnet	1	October 31, 1989 - 1997	9.50	200,914
R.M. of Lorne	4	October 31, 1989 - 2000	9.80-13.75	249,841
R.M. of MacDonald	4	October 31, 1989 - 1999	9.00-11.25	76,057
Village of Manitou	2	October 31, 1989 - 1998	9.00-11.25	67,363
Village of McCreary	3	October 31, 1989 - 1998	9.80-11.25	20,706
Town of Minnedosa	3	October 31, 1989 - 1999	9.80-11.25	28,120
R.M. of Miniota	1	October 31, 1989 - 1996	9.80	10,235
Village of Minitonas	1	October 31, 1989 - 1999	11.25	74,259
R.M. of Montcalm	1	December 31, 1989 - 1998	12.625	53,069
Town of Morris	2	October 31, 1989 - 1998	9.00-9.80	120,177
Town of Morris	2	December 31, 1989 - 2004	12.75-13.125	94,773
L.G.D. of Mountain	2	October 31, 1989 - 1997	9.00-9.80	95,253
Town of Neepawa	1	October 31, 1989 - 1998	9.80	16,084
R.M. of North Norfolk	3	October 31, 1989 - 1996	9.25-10.95	78,099
Carried forward	89			$ 5,110,747

THE MANITOBA WATER SERVICES BOARD Schedule 2

Schedule of Capital Debt
as at March 31, 1989

	1989	1988
Advances from the Government of the Province of Manitoba:		
10.720% payable annually April 1, 1989-1991	$ 1,368,994	$ 1,739,956
9.000% payable annually October 31, 1989-1997	1,320,482	1,413,520
9.800% payable annually October 31, 1989-1998	1,520,464	1,608,188
11.250% payable annually October 31, 1989-1999	1,584,400	1,656,224
9.250% payable annually March 31, 1990-2004	858,759	985,316
9.800% payable annually October 31, 1989-2006	1,142,460	1,221,806
9.400% payable annually October 31, 1989-2007	37,242	37,951
13.750% payable annually October 31, 1989-2000	1,960,661	2,024,844
12.625% payable annually December 31, 1989-2003	1,143,621	1,173,092
12.750% payable annually December 31, 1989-2004	1,400,040	1,427,770
9.625% payable annually March 31, 1990-2007	1,132,916	1,156,439
Other - payable on demand at bank prime	73,346	1,873,346
	13,543,385	16,318,452
Canada Mortgage and Housing Corp. Debentures:		
7.875% payable annually August 1, 1989-1994	48,246	54,329
8.000% payable annually December 1, 1989-1995	38,425	42,388
8.000% payable annually January 1, 1990-1996	23,198	25,590
8.000% payable annually January 1, 1990-1996	29,711	32,774
8.000% payable annually February 1, 1990-1996	31,567	34,821
10.000% payable annually February 1, 1990-1996	60,861	66,635
10.375% payable annually January 1, 1990-1996	79,342	86,752
10.375% payable annually January 1, 1990-1996	17,494	19,127
10.375% payable annually February 1, 1990-1996	58,187	63,622
10.375% payable annually February 1, 1990-1996	38,155	41,719
10.375% payable annually February 1, 1990-1996	44,585	48,749
10.375% payable annually February 1, 1990-1996	90,731	99,206
10.375% payable annually December 1, 1989-1996	92,945	100,120
10.750% payable annually August 1, 1989-1996	43,337	46,623
10.750% payable annualy December 1, 1989-1996	26,250	28,241
10.750% payable annually December 1, 1989-1996	11,976	12,884
8.000% payable annually April 1, 1989-1997	9,609	10,440
8.000% payable annually July 1, 1989-1997	572,240	614,325
10.000% payable annually July 1, 1989-1997	23,104	24,631
10.000% payable annually July 1, 1989-1997	16,097	17,161
10.375% payable annually April 1, 1989-1997	92,333	99,461
10.375% payable annually April 1, 1989-1997	81,837	88,155
10.750% payable annually July 1, 1989-1997	121,408	129,115
9.625% payable annually February 1, 1990-1998	54,355	58,021
11.000% payable annually November 1, 1989-2002	397,952	409,572
	2,103,945	2,254,461
Carried forward	$ 15,647,330	$ 18,572,913

THE MANITOBA WATER SERVICES BOARD

Schedule of Capital Debt
as at March 31, 1989

	1989	1988
Brought forward	$ 15,647,330	$ 18,572,913
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
7.26% bond due June 2, 1989	3,023,000	3,023,000
	3,023,000	3,023,000
	$ 18,670,330	$ 21,595,913

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 20, 1989 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1989. Disbursements from April 1, 1989 to April 20, 1989 for the year ended March 31, 1989 were $1,457,633 (1988 - $520,065).

(b) Accumulated excess of operating expenditures over revenues, recoverable

The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

(A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

(B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

(C) Plant owned and operated by the Board with cost recovery over a 20 year life.

All operating deficits of plants operated by the Board are recoverable from the municipalities.

(c) Interest Adjustment Fund Account

The Board maintains a separate fund account balance for interest adjustments.

(d) Administration costs

The costs related to the administration and general operation of the Board, which amounted to $1,731,989 for the year ended March 31, 1989 (1988 - $1,758,381), were paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

(e) Depreciation policy

The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b) (A) above and a 20 year term for equipment and buildings under (b) (C) above.

(f) Sinking fund

The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

2. CONSTRUCTION IN PROGRESS RECOVERABLE FROM MUNICIPALITIES AND THE GOVERNMENT OF THE PROVINCE OF MANITOBA

The transactions in this account were as follows:

	March 31	
	1989	1988
Balance, beginning of year	$ 1,476,129	$ 1,196,564
Construction during the year, Exhibit E	11,809,810	8,646,828
	13,285,939	9,843,392
Recoveries during the year		
Municipalities		
Cash payments received, Exhibit E	7,725,648	4,835,468
The Government of the Province of Manitoba, Exhibit E		
Grants - subsidization of construction costs	4,156,968	3,531,795
	11,882,616	8,367,263
Balance, end of year, Exhibit A	$ 1,403,323	$ 1,476,129

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements
for the year ended March 31, 1989

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3. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. FIXED ASSETS

The following is the summary of the Board's fixed assets:

	1989	1988
Land and easements	$ 94,464	$ 102,744
Buildings	4,611,440	5,006,221
Less accumulated depreciation	2,647,400	2,783,564
	1,964,040	2,222,657
Equipment	1,486,823	1,593,475
Less accumulated depreciation	1,221,053	1,308,041
	265,770	285,434
	$ 2,324,274	$ 2,610,835

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUES (Note 1(b))

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1989 rate stabilization grants totalling $242,627 were paid in respect of the operations of 17 of the plants constructed under The Manitoba Water Supply Board Act (1988 - $218,747 respecting 17 plants).

	March 31			
	No.	1989 Amount	No.	1988 Amount
Plants operated under A - owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	23	$ 837,578	27	$1,186,612
Plants with an accumulated excess of operating revenues over expenditures	12	(606,267)	9	(460,039)
	35	231,311	36	726,573

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUES (continued)

	March 31			
		1989		1988
	No.	Amount	No.	Amount
Plants operated under B - operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	1	5,745	2	8,832
Plants with an accumulated excess of operating revenues over expenditures	8	(243,172)	7	(168,460)
	9	(237,427)	9	(159,628)
Plant operated under C - owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating expenditures over revenues, recoverable	1	61,040	1	165,352
Totals under A, B and C	45	$ 54,924	46	$ 732,297

6. AGREEMENT, COMMUNITY OF WABOWDEN

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

7. INTEREST ADJUSTMENT FUND ACCOUNT

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account. For both the current and preceding year, a reasonable balance was maintained without the need to apply interest to the Interest Adjustment Fund Account

8. CAPITAL AUTHORITY

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1989 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1989
The Loan Act 1985	$ 7,800,000
The Loan Act 1987	12,000,000
	$ 19,800,000

9. COMMITMENTS

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $14,803,000 as at March 31, 1989 (1988- $8,932,000). Of this amount, $4,021,000 (1988 - $2,752,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $10,782,000 (1988 - $6,180,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payments (Note 3).

Manitoba

MOOSE LAKE LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Moose Lake Loggers Ltd. as at March 31, 1989 and the statements of retained earnings, revenues and expenditures, and changes in financial position, and the schedule of operating expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

May 19, 1989,
Winnipeg, Manitoba.

EXHIBIT A

MOOSE LAKE LOGGERS LTD.

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Current assets:		
Short term deposits	$ -	$ 75,000
Accounts receivable (Note 3)	588,065	360,996
Loans receivable from sub-contractors re purchase of equipment-secured	19,532	34,495
Inventories, at cost	61,534	48,067
Prepaid expenses	17,386	21,931
Total current assets	686,517	540,489
Fixed and other assets (Note 4)	104,888	149,632
	$ 791,405	$ 690,121
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Excess of outstanding cheques over bank balances	$ 102,253	$ 93,140
Bank demand loan (Note 5)	160,000	70,000
Accounts payable and accrued liabilities (Note 6)	202,760	167,072
Total current liabilities	465,013	330,212
Shareholders' equity:		
Capital stock (Note 7)		
Authorized - 35,000 common shares for a maximum consideration of $350,000		
Issued and fully paid - 30,009 common shares	300,090	300,090
Contributed surplus:		
Grant from the Government of Canada towards capital expenditures	5,720	5,720
Retained earnings, Exhibit B	20,582	54,099
Total shareholders' equity	326,392	359,909
	$ 791,405	$ 690,121

EXHIBIT B

MOOSE LAKE LOGGERS LTD.

Statement of Retained Earnings
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Balance, beginning of year	$ 54,099	$ 196,458
Less: Excess of expenditures over revenues, Exhibit C	33,517	142,359
Balance, end of year, Exhibit A	$ 20,582	$ 54,099

EXHIBIT C

MOOSE LAKE LOGGERS LTD.

Statement of Revenues and Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Log cutting contract - Manfor Ltd.	$ 2,987,484	$ 2,352,981
Commissary sales	470,546	368,999
Tree planting	115,620	310,019
Board charges	105,747	96,952
Trainee reimbursement - Government of Canada	40,382	-
Miscellaneous	25,661	18,350
Road maintenance	21,299	26,813
Interest income	4,485	10,839
Accounting service fees	1,600	2,600
Total revenues	3,772,824	3,187,553
Expenditures, Exhibit E:		
Log cutting contracts	2,572,744	1,990,928
Camp operations	1,063,059	897,943
General and administrative	229,360	225,703
Tree planting	91,178	215,338
Total expenditures, Exhibit E	3,956,341	3,329,912
Excess of expenditures over revenues, before operating assistance from the Government of the Province of Manitoba	183,517	142,359
Operating assistance from the Government of the Province of Manitoba	150,000	-
Excess of expenditures over revenues, Exhibit B	$ 33,517	$ 142,359

EXHIBIT D

MOOSE LAKE LOGGERS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Cash Provided By (Used For):		
Operating activities:		
Excess of expenditures over revenues	$ (33,517)	$ (142,359)
Item not involving cash		
Depreciation and amortization	80,426	86,815
	46,909	(55,544)
Net change in non-cash working capital balances related to operations	(185,340)	44,746
	(138,431)	(10,798)
Investing activities:		
Additions to fixed assets	(35,682)	(23,975)
Decrease in cash	(174,113)	(34,773)
Cash deficiency at beginning of period	(88,140)	(53,367)
Cash deficiency at end of period	$ (262,253)	$ (88,140)
Represented by:		
Short term deposits	$ -	$ 75,000
Bank demand loan	(160,000)	(70,000)
Outstanding cheques	(102,253)	(93,140)
	$ (262,253)	$ (88,140)

EXHIBIT E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Log cutting contracts:		
Wages and benefits	$ 1,685,521	$ 1,288,626
Equipment rental	790,306	609,653
Fuel and oil	34,685	49,146
Health and post secondary education tax levy	33,343	25,192
Miscellaneous supplies	22,563	16,776
Repairs and maintenance	6,326	1,535
Exhibit C	2,572,744	1,990,928
Camp operations:		
Wages and benefits	260,600	200,049
Provisions	133,640	112,049
Repairs and maintenance	74,506	45,927
Fuel and oil	65,185	92,469
Depreciation	62,915	71,587
Insurance	14,732	21,214
Freight	8,836	3,241
Equipment rental	7,635	6,237
Health and post secondary education tax levy	5,114	3,887
Amortization - main road	-	2,260
	633,163	558,920
Commissary - cost of sales	429,896	339,023
Exhibit C	1,063,059	897,943
Carried forward	$ 3,635,803	$ 2,888,871

EXHIBIT E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Brought forward	$ 3,635,803	$ 2,888,871
General and administrative:		
Wages and benefits	146,741	141,717
Professional fees	18,597	19,522
Fuel and oil	8,113	8,848
Miscellaneous	7,401	10,647
Interest expenditure	6,946	1,570
Directors' fees and salaries	6,813	8,162
Insurance	6,298	6,457
Depreciation	4,929	7,038
Directors' travel	4,794	6,396
Communications	4,768	4,055
Stationery and supplies	4,068	2,548
Travel	3,774	3,948
Repairs and maintenance	3,130	2,014
Health and post secondary education tax levy	2,988	2,781
Exhibit C	229,360	225,703
Tree planting:		
Wages and benefits	75,431	200,714
Tools and bags	5,653	915
Bus and trucks	4,410	6,621
Miscellaneous	3,389	2,074
Health and post secondary education tax levy	1,546	3,953
Equipment maintenance	749	1,061
Exhibit C	91,178	215,338
Total expenditures, Exhibit C	$ 3,956,341	$ 3,329,912

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1989

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1. Nature of Operations

Moose Lake Loggers Ltd. was formed in 1971 under the Manitoba Natural Resources Development Act for the purpose of establishing an economically viable logging operation providing employment for residents of Moose Lake and surrounding areas. The Company also has a mandate to train local residents to fill the jobs created, with the ultimate goal being management by local residents.

2. Significant Accounting Policies

General:

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Fixed and other assets:

Fixed and other assets are stated at cost. It is the Company's policy to provide for depreciation and amortization of fixed and other assets on the basis shown in Note 4.

Revenue recognition:

Pulpwood sales are recognized on the basis of pulpwood delivered to roadside and scaled, in accordance with the terms of the sales contract.

Administrative expenses:

Certain administrative expenses, as detailed in Note 8, are provided at no charge or at a reduced charge by the Government of the Province of Manitoba.

Pension Plan:

The Company participates in a multi-employer pension plan for hourly paid employees represented by the IWA-Canada. The plan is non-contributory for employees. The initial unfunded liability in the plan as at September 1, 1986 is not accrued in the financial statements but is being funded by special annual instalments until August 31, 2001.

3. Accounts Receivable

	1989	1988
Trade	$ 422,311	$ 337,266
Employees	15,754	20,825
Government of the Province of Manitoba	150,000	2,905
	$ 588,065	$ 360,996

4. Fixed and Other Assets

	1989			1988
	Cost	Accumulated Depreciation and Amortization	Net	Net
Main road construction	$ 235,321			
Less grants received	156,000			
	79,321	$ 79,321	$ -	$ -
Campsite improvements	95,197	89,320	5,877	22,080
Buildings and trailers	509,829	485,353	24,476	64,702
Equipment	318,786	244,251	74,535	62,850
Total	$ 1,003,133	$ 898,245	$ 104,888	$ 149,632

The Company depreciates its fixed assets and amortizes its other assets on the following basis:

	Annual Rate
A) Depreciation	
a) Straight line	
Buildings	10-33 1/3%
Trailers	15-33 1/3%
Equipment	12 1/2-33 1/3%
b) Diminishing balance	
Trucks	30%
B) Amortization	
a) Straight line	
Campsite improvements	12 1/2-33 1/3%
b) Other	
Main road construction	10 cents per cord sold

5. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1989

6. Accounts Payable and Accrued Liabilities

	1989	1988
Trade	$ 98,066	$ 63,499
Government of the Province of Manitoba	11,841	31,070
Wage deductions	64,617	47,167
Employees	28,236	25,336
	$ 202,760	$ 167,072

7. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

8. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $24,000 (1988 - $24,000). The Government of the Province of Manitoba provides Workers Compensation coverage for Company staff. Effective April 1, 1987 the Company agreed to pay the lesser of $60,000 per annum or actual costs billed to the Government of the Province of Manitoba. The total cost to the Company was $60,000 (1988 - $60,000). Actual cost paid by the Government of the Province of Manitoba to the Workers Compensation Board on the Company's behalf was $214,319 (1988 - $117,702).

9. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba and Manfor Ltd., which is wholly owned by the Government of the Province of Manitoba. Subsequent to March 31, 1989 the Government of the Province of Manitoba sold its interest in Manfor Ltd. to Repap Pulp & Paper Inc.

10. Comparative Figures

Certain figures for the preceding period have been reclassified to conform with the presentation adopted for 1989.

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1989

11. Imputed Interest Cost Information

The following information is supplied in accordance with the request of the Minister of Finance.

The annual borrowing cost to the Government for the average investment of $300,090 in share capital at the weighted average rate of 10.52% paid by the Government in respect of its 1988 debt is $31,600.

12. Pension Liability

A full actuarial valuation of the pension plan was performed as at September 1, 1986. On the basis of a projection, the actuary has estimated that Moose Lake Logger's share of the unfunded liability is $67,498 as at December 31, 1988.

Manitoba

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the statement of financial position of The Public Investments Corporation of Manitoba as at December 31, 1988 and the statement of expenses and recoveries for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Public Investments Corporation of Manitoba as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements, on a basis consistent with that of the preceding four month period.

F. H. Jackson, C.A.
Provincial Auditor.

February 24, 1989
Winnipeg, Manitoba

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Statement of Financial Position
As at December 31, 1988

ASSETS	1988	1987
Cash	$ 341,711	$ 126,550
Accounts receivable, note 3	91,130	119,250
Assessments receivable, note 4	82,767	562,166
Furniture and equipment, note 5	32,947	- -
TOTAL ASSETS	$ 548,555	$ 807,966
LIABILITIES		
Accounts payable and accrued liabilities:		
Province of Manitoba, note 6	$ 521,634	$ 418,220
Other	26,921	39,746
Notes payable - Province of Manitoba, note 7	- -	350,000
EQUITY		
Share capital, note 8	- -	- -
TOTAL LIABILITIES AND EQUITY	$ 548,555	$ 807,966

The accompanying notes are an integral part of these financial statements.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Statement of Expenses and Recoveries

EXPENSES

	12 Months Ended December 31, 1988	4 Months Ended December 31, 1987
Personnel	$270,572	$139,555
Occupancy	25,317	- -
Professional services	9,803	10,100
Office administration	22,994	1,301
Travel	7,587	9,483
Finance	23,288	8,202
Other	10,261	1,154
Depreciation	7,438	- -
TOTAL EXPENSES	$ 377,260	$ 169,795
RECOVERABLE FROM CROWN CORPORATIONS note 2 c	$ 377,260	$ 169,795

The accompanying notes are an integral part of these financial statements.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Notes to Financial Statements
December 31, 1988

1. Status and objects of the Corporation

The Public Investments Corporation of Manitoba was established effective September 1, 1987, by The Crown Corporation Accountability Act. The legislation establishes a framework for the supervision of designated Manitoba Crown corporations and their accountability. The Corporation was created to give direction on matters of policy and to monitor the operations of designated Crown corporations. In these notes designated Crown corporations means those Crown corporations, boards, commissions, agencies or like bodies scheduled in the Act.

In December 1988, The Crown Corporations Public Review and Accountability and Consequential Amendments Act was passed by the Manitoba Legislature and received Royal Assent. Upon proclamation of this Act, the Corporation's affairs will be closed out pursuant to the Act.

2. Significant accounting policies

a) General

The financial statements have been prepared in accordance with generally accepted accounting principles, except for the accounting for pensions and recoveries from designated Crown corporations, as set out in notes 2 b and c.

b) Pensions

Officers and employees of the Corporation participate in the Civil Service Superannuation Fund. The Corporation follows the same practice for reporting its pension expense and obligations as the Government of the Province of Manitoba. Pension expense is recorded when pension disbursements are made to retired employees. As no pension disbursements were required to be made for the year ended December 31, 1988, the Corporation has not recorded any pension expense for this period. Provision has not been made in the accounts to fund current or past service obligations to the Fund. An actuarial evaluation has not been made to determine the extent of any unfunded liability existing for the Corporation's officers and employees.

c) Recoveries from Crown corporations

The Corporation assesses fees pursuant to The Crown Corporation Accountability Act and the related Order-in-Council to recover its costs, as shown in the Statement of Expenses and Recoveries, from designated Crown corporations.

2. Significant accounting policies (continued)

c) Recoveries from Crown corporations (continued)

Services paid for by the Government of the Province of Manitoba and provided to the Corporation at no charge are not included in those costs. The services included accommodation, furniture and office equipment. Management estimates the value of the services to have been approximately $5,000 per month. These services were provided at no charge until June 30, 1988. After that date the Corporation incurred the cost of those services and included them in the Statement of Expenses and Recoveries.

Professional and administrative services provided by the staff of the Department of Crown Investments at no charge to the Corporation are also not included in the costs recorded in the Statement of Expenses and Recoveries. Management estimates the cost of those services to have been a minimal amount. The arrangement concluded early in 1988, when the Department ceased operations.

d) Fixed Assets

Furniture and equipment are recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful life of five years.

3. Accounts receivable

The Corporation undertakes to provide certain professional and other services to specific Crown corporations. The costs of these services are recovered from the specific Crown corporations. The costs and recoveries are included in accounts receivable and have been excluded from the Statement of Expenses and Recoveries.

For the year ended December 31, 1988, the costs incurred for services undertaken on behalf of specific Crown corporations amounted to $1,115,802 (1987 - $321,215), of which $91,130 (1987 - $119,250) is shown as accounts receivable on the Statement of Financial Position.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Notes to Financial Statements
December 31, 1988

4. Assessments receivable

These receivables consist of:

	1988	1987
- the balance recoverable for the Corporation's costs, as explained in note 2 c	$82,767	$169,795
- the balance recoverable for the expenditures of the Department of Crown Investments, as explained in note 6	0	392,371
	$ 82,767	$562,166

5. Furniture and equipment

	1988	1987
Furniture and equipment at cost	$ 39,087	- -
Less accumulated depreciation	6,140	- -
	$ 32,947	- -

6. Accounts payable and accrued liabilities - Province of Manitoba

The Government of the Province of Manitoba approved the recovery of the expenditures of the Department of Crown Investments for the fiscal year ended March 31, 1988 from Crown corporations. The Corporation has assumed responsibility for the administration of the recovery of the expenditures and the remittance of the recoveries to the Province. **Accounts payable and accrued liabilities - Province of Manitoba** includes an amount of $505,010 (1987 - $392,371) with respect to expenditures of the Department of Crown Investments for the year ended March 31, 1988.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Notes to Financial Statements
December 31, 1988

7. Notes payable

The Corporation issued the following interest-bearing notes to the Province of Manitoba:

September 17, 1987	$ 250,000
October 23, 1987	100,000
	$ 350,000

Interest, at the bank floating prime rate, was payable quarterly. The notes were repayable on demand and were repaid by the Corporation on December 19, 1988. All interest owing was fully paid on the same date.

8. Share capital

The Corporation may issue shares only to the Minister of Finance of Manitoba. The authorized share capital of the Corporation consists of ten million common shares without par value. No shares have been issued.

9. Comparative figures

The Corporation was established on September 1, 1987, as explained in note 1. Amounts from 1987 have been reclassified where necessary to conform to the 1988 presentation.

Manitoba

THE PUBLIC SCHOOLS FINANCE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of The Public Schools Finance Board for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except with respect to the appropriateness of the costs of administering the Board included in these financial statements as described in the following paragraph.

As indicated in note 5 to the financial statements, the Board is taking steps to review its structure and mandate under the Public Schools Finance Board Act (Act). Because this review is not complete, it is impractical for the Board to estimate any adjustments which would be required to these financial statements to ensure compliance with section 9(2) of the Act with respect to costs of administering the Board. Similarly, it is impractical to estimate the effect of such adjustments on liabilities and the Municipal corporations' education support levies account.

In our opinion, except for the effect of any adjustments which would be required to ensure compliance with section 9(2) of the Act as discussed in the preceding paragraph, these financial statements present fairly the financial position of the Board as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

April 25, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
as at December 31, 1988
(with 1987 figures for comparison)

ASSETS	1988	1987
Cash in bank	$ 11,486,541	$ 385,110
Accounts receivable:		
Government of the Province of Manitoba	13,837,578	14,218,766
Municipal corporations, education support levies	23,544,953	78,406,972
Miscellaneous	264,407	239,917
Prepaid expense	5,212	-
Deferred costs, Notes 2(a) and 6	195,568	-
	$ 49,334,259	$ 93,250,765

LIABILITIES		
Accounts payable and accrued charges:		
Education support	$ 4,635,231	$ 2,845,329
Other	1,959,367	1,303,205
Notes payable on demand, at bank prime - Government of the Province of Manitoba	23,491,000	70,083,900
	30,085,598	74,232,434
Municipal corporations' education support levies account, Note 4, Exhibit C	19,248,661	19,018,331
	$ 49,334,259	$ 93,250,765

EXHIBIT B

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure for the year ended December 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenue:		
Government of the Province of Manitoba, share of the Government Support to Education Program	$ 441,588,098	$ 418,614,270
Municipal corporations, education support levy	206,292,364	196,144,764
	647,880,462	614,759,034
Expenditure:		
Government Support to Education Program:		
Education support, Schedule 1	640,273,197	605,649,189
Administrative and other expenses, Schedule 2	7,630,271	7,617,899
	647,903,468	613,267,088
Excess (deficiency) of revenue over expenditure carried forward to municipal corporations' education support levies account, Note 2(b), Exhibit C	$ (23,006)	$ 1,491,946

EXHIBIT C

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Municipal Corporations' Education Support Levies Account for the year ended December 31, 1988 (with 1987 figures for comparison)

	1988	1987
Balance, beginning of year	$ 19,018,331	$ 17,275,202
Excess (deficiency) of revenue over expenditure, Note 2(b), Exhibit B	(23,006)	1,491,946
	18,995,325	18,767,148
Adjustment of previous years' education support from estimated to actual, Note 2(c)	253,336	251,183
Balance, end of year, Note 4, Exhibit A	$ 19,248,661	$ 19,018,331

SCHEDULE 1

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Education Support for the year ended December 31, 1988 (with 1987 figures for comparison)

	1988	1987
Operating:		
Block	$ 332,283,724	$ 329,138,148
Equalization	110,227,723	92,909,992
Guarantee	41,540,079	39,299,245
Special services	43,933,506	38,357,200
Transportation	27,613,822	27,615,572
Curricula materials	6,456,066	7,361,852
Bilingualism	6,318,482	5,865,280
Vocational industrial	4,932,005	4,931,865
Language development for Natives	2,771,628	2,063,050
Inner city	1,908,317	1,906,520
Compensatory	3,474,680	3,021,250
English as a second language	1,928,718	1,714,680
Small schools	1,690,989	2,042,127
Heritage language	274,019	257,671
Loss of Treaty Indian enrolment	-	65,946
Early identification	254,880	218,015
Interest	228,480	-
Capital:		
Debt servicing, Notes 2(a) and 3	42,626,614	37,289,060
Other	4,758,028	6,422,274
Buses	5,659,598	3,745,193
Vocational equipment	1,391,839	1,424,249
Total education support, Exhibit B	$ 640,273,197	$ 605,649,189

SCHEDULE 2

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Administrative and Other Expenses for the year ended December 31, 1988 (with 1987 figures for comparison)

	1988	1987
Board members' indemnities	$ 104,384	$ 95,595
Staff salaries, Note 5	799,105	730,121
Professional services	52,352	46,779
Travel and sundry	29,366	26,118
Printing, stationery and supplies	73,827	46,906
Equipment, Note 2(a)	706,815	32,131
Telephone	20,480	16,175
Insurance	11,500	12,950
Equipment rentals	10,346	4,080
Interest charges on loans for advances of support	5,822,096	6,607,044
Total administrative and other expenses, Exhibit B	$ 7,630,271	$ 7,617,899

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to Financial Statements
December 31, 1988

1. Nature of the Board's Operations

The Public Schools Finance Board was established by The Public Schools Finance Board Act in April 1967. The objectives of the Board are to facilitate the financing of the Government Support to Education Program for school divisions and to assist boards of school divisions in the economic operation of the school system. The Board is responsible for the administration of the support provided under the Program.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained on an accrual basis, except for debt servicing support which is expensed on a cash basis, and fixed asset purchases which are expensed in the year of acquisition. Recoverable costs associated with the purchase of computer software programs and their installation in the public schools are recorded as deferred expenses. Recoveries are credited directly against this account. Any non-recoverable amounts are charged to operations in the year this is determined. Note 6 provides details regarding this matter.

(b) Education support requirements are determined in the first instance on the basis of financial budgets of school divisions. The amount of the funding requirements not covered by the Province is raised by municipal corporations. The excess or deficiency of revenue over expenditure is reflected in the municipal corporations' education support levies account.

(c) The education support for previous years is adjusted based on final statistical reports and audited financial statements of the school divisions. The statement of municipal corporations' education support levies account, Exhibit C, reflects the adjustment.

3. Debt Servicing

The capital support portion of the Government Support to Education Program includes payments made to service the debenture debt of the school divisions during the fiscal year. The Board has not, however, assumed the legal liability related to the repayment of such long-term debt.

4. Commitments

As at December 31, 1988, the Board has $1,112,714 (1987 - $2,171,949) in outstanding commitments for the purchase of school buses, $1,462,845 (1987 - $501,234) for vocational equipment and other capital project approvals carried forward, and $122,938 (1987 - NIL) for the purchase of a mini computer.

5. Cost Apportionment

The Government of the Province of Manitoba provides the Board with staff for administrative purposes. A portion of the employees' salaries is charged to the Board's operations.

In 1988, the Board initiated a review to examine its mandate and structure with particular emphasis on the legislation incorporating it. This review may result in recommendations for changes to the Act or in changes to the basis of apportionment of administrative costs, including such costs as salaries and employee benefits, office space and utilities, borne by the Board under section 9(2) of the Act. Because this review is not complete, it is impractical for the Board to estimate the full extent of any adjustments which would be required to these financial statements to ensure full compliance with the requirements of the Act to recover the costs of administering its programs. For those individuals whose salaries are charged to the Board's operations, the Board has estimated the cost for 1988 pertaining to employee benefits to be $115,900 and for office space and utilities to be $35,300. These amounts are not included in the financial statements.

6. Deferred Costs

During 1988 the Board authorized the purchase of a computerized School Administrator System with anticipated full recovery to be made over the next three to five years. As at December 31, 1988, the Board had spent $259,951 for the System and recovered $64,383 from the sale of 87 Systems.

Manitoba

THE PUBLIC SERVICE GROUP INSURANCE FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Public Service Group Insurance Fund for the fiscal year ended April 30, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at April 30, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

January 9, 1989,
Winnipeg, Manitoba.

Exhibit A

THE PUBLIC SERVICE GROUP INSURANCE FUND

Balance Sheet
as at April 30, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Cash in bank	$ (4,224)	$ 28,834
Investments at amortized cost, Note 2(c), Schedule 4	29,550,641	23,313,677
Amounts Held By Canada Life Assurance Company:		
Employee's Group Life Insurance Plan Part of the Fund Note 5, Schedule 1	1,274,476	2,327,374
Disability Claims - Employee's Group Life Insurance Plan Part of the Fund	63,300	73,800
Rate Stabilization - Accidental Death and Disablement Plan Part of the Fund, Note 9, Schedule 2	1,166,568	942,317
Dependent's Group Life Plan Part of the Fund, Note 14, Schedule 3	11,397	-
Accrued interest on investments	297,745	387,210
	$32,359,903	$27,073,212

LIABILITIES

	1988	1987
Accounts payable	$ 8,888	$ 20,852
Provision for investment losses, Note 2(c), Exhibit E	327,714	258,526
Reserve (Deficit) for current and future benefits for:		
Employee's Group Life Insurance Plan Part of the Fund, Note 6, Exhibit B	27,744,997	23,218,303
Accidental Death and Disablement Plan Part of the Fund, Note 11, Exhibit C	4,353,979	3,652,077
Dependents' Group Life Insurance Plan Part of the Fund, Note 16, Exhibit D	(75,675)	(76,546)
	$32,359,903	$27,073,212

Exhibit B

THE PUBLIC SERVICE GROUP INSURANCE FUND

Employee's Group Life Insurance Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Contributions, Note 2(b):		
Employees	$ 6,429,134	$ 6,098,922
Employers	2,437,419	2,312,229
Retired Employees	468,209	406,288
Total contributions	9,334,762	8,817,439
Investment income, Note 2(c):		
Interest	1,867,758	2,281,654
Amortization of discount	1,381,708	15,743
Transfer to provision for investment losses, Exhibit E	(65,823)	(51,443)
Total investment income	3,183,643	2,245,954
Total income	12,518,405	11,063,393
Expenditures:		
Premiums paid to Canada Life Assurance Company	9,149,831	8,599,589
Administration fee charged by The Civil Service Superannuation Board	69,862	66,113
Professional fees	9,028	51,940
Other	3	388
Total expenditures	9,228,724	8,718,030
Excess of income over expenditures	$ 3,289,681	$ 2,345,363

Change in the Reserve

	1988	1987
Balance at beginning of year	$23,218,303	$18,664,904
Excess of income over expenditures	3,239,681	2,345,363
Experience surplus on Canada Life operations, Note 5, Schedule 1	1,237,013	2,208,036
Balance at end of year, Exhibit A	$27,744,997	$23,218,303

Exhibit C

THE PUBLIC SERVICE GROUP INSURANCE FUND

Accidental Death and Disablement Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Contributions, employers, Note 2(b)	$ 970,408	$ 920,117
Investment income:		
Investment income - interest	297,842	265,872
Transfer to provision for investment losses, Exhibit E	(8,053)	(6,841)
Total investment income	289,789	259,031
Total income	1,260,197	1,179,148
Expenditures:		
Premiums paid to Canada Life Assurance Company	708,398	671,685
Administration fee charged by The Civil Service Superannuation Board	7,311	6,919
Professional fees	945	5,437
Other	-	41
Total expenditures	716,654	684,082
Excess of income over expenditures	$ 543,543	$ 495,066

Change in the Reserve

	1988	1987
Balance at beginning of year	$ 3,652,077	$ 2,882,375
Excess of income over expenditures	543,543	495,066
Experience surplus on Canada Life operations, Note 9, Schedule 2	158,359	274,636
Balance at end of year, Exhibit A	$ 4,353,979	$ 3,652,077

Exhibit D

THE PUBLIC SERVICE GROUP INSURANCE FUND
Dependents' Group Life Plan Part of the Fund
Statement of Operations and Change in the Deficit
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Contributions, Note 2(b):		
Employees	$ 480,489	$ 471,282
Retired employees	45,676	41,145
Total contributions	526,165	512,427
Bank interest	792	593
Total income	526,957	513,020
Expenditures:		
Premiums paid to Canada Life	526,165	512,427
Administration fee charged by The Civil Service Superannuation Board	4,062	3,844
Professional fees	525	3,020
Other	6,731	5,484
Total expenditures	537,483	524,775
Excess of expenditures over income	$ 10,526	$ 11,755

Change in the Deficit

	1988	1987
Deficit at beginning of year	$ 76,546	$ 64,791
Excess of expenditures over income	10,526	11,755
Experience surplus on Canada Life operations net of prior year's deficit, Note 14, Schedule 3	(11,397)	-
Deficit at end of year, Note 16 Exhibit A	$ 75,675	$ 76,546

Exhibit E

THE PUBLIC SERVICE GROUP INSURANCE FUND

Statement of Changes in the Provision for Investment Losses for the year ended April 30, 1988 (with 1987 figures for comparison)

	1988	1987
Employee's Group Life Insurance Plan Part of the Fund		
Balance at beginning of year	$ 239,985	$ 193,229
Premiums paid on bond purchases	(4,688)	(4,687)
Transfer in accordance with investment policy, Note 2(c), Exhibit B	65,823	51,443
Balance at end of year	$ 301,120	$ 239,985
Accidental Death and Disablement Plan Part of the Fund		
Balance at beginning of year	$ 18,541	$ 11,700
Transfer in accordance with investment policy, Note 2(c), Exhibit C	8,053	6,841
Balance at end of year	$ 26,594	$ 18,541
Total Provision at end of year, Exhibit A	$ 327,714	$ 258,526

Schedule 1

THE PUBLIC SERVICE GROUP INSURANCE FUND
Employee Group Life Insurance Plan Part of the Fund
Statement of Group Life Experience and Change in Amount Held by Canada Life Assurance Company
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Premiums:		
Received from the Fund	$ 9,149,831	$ 8,599,589
Expenditures:		
Death claims, Note 2(d)	7,653,784	6,160,733
Charge for conversions	13,583	9,797
Risk charge	7,425	8,333
Premium taxes	157,507	135,294
Retention charge	80,519	77,396
Total expenditures	7,912,818	6,391,553
Experience surplus on operations, Note 5, Exhibit B	$ 1,237,013	$ 2,208,036

Amount held by Canada Life Assurance Company		
Balance at beginning of year	$2,327,374	$ (482,579)
Experience rebate paid (to) by the Fund	(2,327,374)	482,579
Experience surplus on operations	1,237,013	2,208,036
Transfer from Disability Claims	10,500	20,475
Interest credited	26,963	98,863
Balance at end of year, Note 6, Exhibit A	$1,274,476	$ 2,327,374

Schedule 2

THE PUBLIC SERVICE GROUP INSURANCE FUND

Accidental Death and Disablement Plan Part of the Fund
Statement of Accidental Death and Disablement Experience and
Change in Amount Held By Canada Life Assurance Company
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Premiums received from the Fund	$ 708,398	$ 671,685
Expenditures:		
Death claims, Note 2(d)	541,636	364,962
Claims charge	2,450	1,645
Retention charge	6,234	6,045
Risk charges	6,075	6,818
Premium taxes	(9,163)	13,434
Legal Fees	2,807	4,145
Total expenditures	550,039	397,049
Experience surplus on operations, Note 9, Exhibit C	$ 158,359	$ 274,636

Amount Held by Canada Life Assurance Company		
Balance at beginning of year	$ 942,317	$ 619,105
Experience surplus on operations	158,359	274,636
Interest credited	65,892	48,576
Balance at end of year, Note 9, Note 11, Exhibit A	$ 1,166,568	$ 942,317

THE PUBLIC SERVICE GROUP INSURANCE FUND
Dependents' Group Life Plan Part of the Fund
Statement of Dependents' Group Life Experience and Change in the Deficit Reported by Canada Life Assurance Company
for the year ended April 30, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Premiums received from the Fund	$ 526,165	$ 512,427
Expenditures:		
Death claims, Note 2(d)	408,500	411,500
Expenses	6,196	6,094
Conversion charges	1,150	1,510
Premium taxes	10,523	10,249
Total expenditures	426,369	429,353
Experience surplus on operations, Note 14	$ 99,796	$ 83,074

Change in the Deficit Reported by Canada Life Assurance Company

	1988	1987
Deficit at beginning of year	$ (88,399)	$ (171,473)
Experience surplus on operations	99,796	83,074
Surplus (deficit) at end of year, Note 15, Exhibit A	$ 11,397	$ (88,399)

Schedule 4

THE PUBLIC SERVICE GROUP INSURANCE FUND
Summary of Investments
as at April 30, 1988
(with 1987 figures for comparison)

	Par Value	1988 Book Value	1987 Book Value
Short term investments with the Minister of Finance		$ 8,985,153	14,365,142
Bonds, debentures and coupons:			
Government of Canada	$22,984,125	17,271,049	8,460,410
Ontario Hydro	5,329,000	3,294,439	488,125
	$28,313,125	20,565,488	8,948,535
Total investments - Exhibit A		$29,550,641	23,313,677
Investments in the Plan Parts, Note 2(c):			
Employee Group Life Insurance Plan Part of the Fund		26,329,279	20,577,151
Accidental Death and Disablement Plan Part of the Fund		3,221,362	2,736,526
		$29,550,641	23,313,677

THE PUBLIC SERVICE GROUP INSURANCE FUND
Notes to Financial Statements
for the year ended April 30, 1988

1. Nature of operation:

The Public Servants Insurance Act provides for the establishment of a Fund to be known as the Public Service Group Insurance Fund. The Fund is responsible for the administration of the group insurance policies entered into by the Government and the Insurer. The Fund's operations are split into three parts and reported separately for:
the Employee's Group Life Insurance Plan Part
the Accidental Death and Disablement Plan Part, and
the Dependents' Group Life Insurance Plan Part.
This split is consistent with the financial arrangements with the Insurance Company.

2. Significant accounting policies:

The Fund's fiscal year coincides with the insurance policy year. The financial statements reflect the results of transactions based on the following significant accounting policies:

(a) Direct costs are charged to each Plan. The Civil Service Superannuation Board administration fee and other administration costs that are not identified as direct costs are allocated between Plans based on the proportion of each Plan's contributions to total contributions for all Plans.

(b) Contributions include an accrual in respect of the partial insured period ending April 30th for each insurance policy year.

(c) The provision for investment losses, shown in the Balance Sheet, does not reflect a valuation of the investments, but is maintained to stabilize and even out the investment income.

Investments are specifically identified to each plan part.

The investment income measurement policies consist of:

Premiums on bonds and debentures in excess of one percent of par value are amortized on a straight line basis over the remaining term and are charged to the provision for investment losses. All other premiums on investments are charged to the provision in the year of acquisition.

Discounts on bonds and debentures within or equal to one percent of par value are credited to income in the year of acquisition. All other discounts on investments are amortized on a straight line basis over the remaining or renewable term and are credited to income.

Investment income is reduced annually by 1/4 of 1% of the book value of investments to a maximum of the provision not exceeding 3% of the book value of the investments and the amount of the reduction is credited to the provision.

Differences between amounts realized from the redemption or sale of investments and their book value are reflected in the provision.

(d) Claims recorded also include claims for a fiscal year which were processed within five months after the fiscal year end. There were no reported claims unrecorded as at April 30, 1987 and April 30, 1988.

3. Actuarial reports:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, a triennial actuarial valuation and report is required to be made on the status of the Fund. The actuarial report as at December 31, 1985 disclosed an actuarial surplus of $6,815,225 in the Employees' Group Life Insurance Plan Part of the Fund, an actuarial surplus of $4,285,997 in the Accidental Death and Disablement Insurance Plan Part of the Fund, and an actuarial surplus of $8,825 in the Dependents' Group life Insurance Plan Part of the Fund.

Employee's Group Life Insurance Plan Part of the Fund

4. Maximum group life insurance coverage:

Effective July 1, 1984 the maximum amount of Employee's Group Life Insurance was increased to four times annual salary to a maximum annual salary of $37,500 providing insurance of $150,000, plus a dividend to a maximum of $8,025, amounting to total maximum coverage of $158,025.

5. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Group Life Insurance Policy (Schedule 1). The Insurer agrees to pay the full amount of any surplus determined, less any deficits carried forward from prior years. If there is a deficit, the Fund and the Insurer shall determine the method of repayment.

6. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a final refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from prior years, the Fund will pay the Insurer the amount of such deficit out of its Employee's Group Life Insurance Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

7. Interest:

Interest will be added to any surplus or deficit from the end of the policy year on which the surplus or deficit is incurred, to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

8. Maximum claim charge:

The claim charge to the Employee's Group Life Insurance Plan arising from a multiple death catastrophe is subject to an overall maximum of $450,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

Accidental Death and Disablement Plan Part of the Fund

9. Experience rating:

A three year policy period ended April 30, 1988. In accordance with the policy, an experience refund was paid to the Fund subsequent to year end.

A new three year policy period began May 1, 1988. The Insurer will after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Accidental Death and Disablement Benefit policy (Schedule 2). The surplus or deficit at the end of each policy year will be carried forward and accumulated for the three year policy period. The cumulative net surplus, if any, will be paid to the Fund as an experience refund after the three year policy period. The cumulative net deficit, if any, will be carried forward to be recovered against future surplus.

10. Interest:

Interest will be added to any surplus or deficit from the end of the policy year in which the surplus or deficit is incurred to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

11. Termination:

If this policy is terminated, the surplus or deficit will be determined on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from previous years, the Fund will pay the Insurer the amount of such deficit out of its Accidental Death and Disablement Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

12. Maximum claim charge:

The claim charge to the Accidental Death and Disablement Plan arising from a multiple death catastrophe is subject to an overall maximum of $225,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

13. As at April 30, 1985 an amount of $200,000 was withheld in a reserve for two denied claims which subsequently were settled for $77,500. The balance will be refunded at the end of the three year policy term which expires April 30, 1988.

Dependent's Insurance Plan Part of the Fund

14. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Dependent's Insurance Policy (Schedule 3). If there is a surplus at the end of a policy year, after taking into account any deficit carried forward from previous years, the Insurer may pay the surplus to the Fund.

15. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. The Insurer will pay the Fund any cumulative surplus after taking into account surplus or deficits carried forward from previous years.. Any cumulative net deficit will be written off by the Insurer (Schedule 3).

THE PUBLIC SERVICE GROUP FUND
Notes to Financial Statements
for the year ended April 30, 1988 (cont.)

16. Reserve (Deficit):

The Dependent's Group Life Insurance Plan Reserve for Current and Future Benefits is in a deficit position (Exhibit D). This deficit will only be recoverable if the Dependent's Group Life Insurance Plan Part of the Fund generates a surplus. Upon the authorization of the Board, any deficit remaining at the completion of the term will have to be absorbed by the other Parts of the Fund.

The actuarial projections are favourable and the deficit is considered recoverable from future surplus.

Manitoba

THE PUBLIC TRUSTEE OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Public Trustee of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1989 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the change in policy of accruing interest on common fund investments as explained in note 9, on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

February 23, 1990,
Winnipeg, Manitoba

EXHIBIT A

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Balance Sheet of estates and trusts under administration
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS	1989	1988 (restated)
Cash on hand and in bank	$ -	$ 830,925
Investments - common fund (Notes 2(a) and 6)	77,578,278	71,869,699
- specific estates and trusts (Note 7)	14,086,629	13,973,116
Annuity contracts (Note 2(c))	382	2,262
Accrued interest receivable on common fund investments (Notes 2(a) and 9)	2,238,176	2,084,133
Receivable from the Government of the Province of Manitoba (Note 10)	603,879	622,218
Accounts receivable (Note 2(d))	113,022	140,629
Rentals receivable (Note 2(d))	6,554	15,905
Notes receivable, principal (Note 2(e))	162,858	147,768
Mortgages and agreements receivable (Note 2(e))	126,639	139,520
Interests in other estates (Note 2(f))	2,915	415
Real estate (Note 2(g))	5,485,604	5,074,682
	$ 100,404,936	$ 94,901,272
LIABILITIES		
Cheques issued in excess of funds on deposit	$ 169,449	$ -
Mortgages, notes and agreements payable (Note 2(h))	2	7,732
Public Trustee - Fees payable (Note 3)	69,030	22,792
- Expenditures payable (Note 2(i))	22,032	7,991
	260,513	38,515
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities (Note 10)		
The Mental Health Act	69,453,952	66,860,226
The Public Trustee Act	30,690,471	28,002,531
	$ 100,404,936	$ 94,901,272

GOVERNMENT OF THE PROVINCE OF MANITOBA

EXHIBIT B

The Public Trustee of Manitoba

Statement of Cash Receipts and
Disbursements
for the year ended March 31, 1989
(with 1988 figures for comparison)

RECEIPTS

	1989	1988
Funds held by estates and trusts brought under administration	$ 8,655,858	$ 8,028,785
Realization of equities in other estates	624,653	1,282,775
Pensions, compensation and assistance	12,417,321	11,335,840
Sickness, disability and other insurance benefits	2,974,924	1,487,627
Collections on account of:		
Accounts receivable	145,268	81,050
Rentals and leases receivable	143,726	171,856
Mortgages and agreements receivable	35,865	47,830
	324,859	300,736
Sale of chattels	125,888	199,422
Sale of real estate	2,247,484	2,209,793
ınterest - bonds and investment certificates	9,762,105	8,709,433
Dividends	73,080	82,369
Bank interest	104,967	94,372
Total receipts, before sale or redemption of securities	37,311,139	33,731,152
Sale or redemption of securities	52,930,427	70,511,256
Cash on hand and in bank at beginning of year	830,925	316,692
	$ 91,072,491	$ 104,559,100

DISBURSEMENTS

	1989	1988
Payments on account of:		
Accounts payable discharged	$ 255,812	$ 193,457
Mortgages and agreements payable	148,541	237,731
Real estate purchases	265,506	7,510
	669,859	438,698
Maintenance:		
Maintenance incurred in hospitals prior to June 30, 1958	-	(5,213)
Board, room and other expenses (Note 4)	13,640,143	12,082,741
	13,640,143	12,077,528
Preservation of estates:		
Realty and income taxes	1,346,659	826,654
Insurance	91,930	75,283
Repairs	94,612	188,042
Sundry	805,221	688,691
	2,338,422	1,778,670
Support of dependents	58,717	69,107
Administration and passing of accounts (Note 3)	2,505,586	2,428,190
Burial expenses	753,137	645,913
Estates and trusts released from administration	11,568,596	10,381,797
Total disbursements, before purchase of securities	31,534,460	27,819,903
Purchase of securities	59,707,480	75,908,272
Cash on hand and in bank at end of year	-	830,925
Cheques issued in excess of funds on deposit at end of year	(169,449)	-
	$ 91,072,491	$ 104,559,100

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

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1. Role and Objective

The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

2. Significant Accounting Policies

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

A. Assets

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings held for specific estates and trusts.

B. Liabilities

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(h).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

a) Common Fund Investments

Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

b) Shares of Capital Stock and Mutual Funds

(i) Mental Health and Infant Trusts

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) Estates of Deceased Persons

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1 are used.

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $1,714,419 (1988 - $1,851,625), with the balance of the account representing share certificates of a nominal value of $1 each.

c) Annuity Contracts

Determinable receivables amount to $ - at March 31, 1989 (1988 - $1,885), with the balance of the account represented by receivables recorded at a nominal value of $1 each.

d) Accounts Receivable and Rentals Receivable

Determinable accounts receivable and rentals receivable amount to $118,896 at March 31, 1989 (1988 - $155,815), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1 each.

e) Notes, Mortgages and Agreements Receivable

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

f) Interests in Other Estates

Determinable interests in other estates amounts to $2,855 at March 31, 1989 (1988 - $356), with the balance of the account represented by interests in other estates recorded at a nominal value of $1 each.

g) Real Estate

Real estate is valued at estimated market value and amounts to $5,485,294 at March 31, 1989 (1988 - $5,074,403), the balance of the account, represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1 each.

h) Mortgages, Notes and Agreements Payable

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

Determinable mortgages, notes and agreements payable amount to $ - at March 31, 1989 (1988 - $7,732), with the balance of the account represented by mortgages, notes and agreements payable recorded at a nominal value of $1 each

i) Expenditures Payable to the Public Trustee

Expenditures payable to the Public Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney-General, Government of the Province of Manitoba.

3. Administration Fees

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Public Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

4. Board, Room and Other Expenses

Board, room and other expenses reflect payments made for current general living expenses, which mainly include clothing, comforts, medical and nursing home costs, during periods of supervision, probation and hospitalization.

5. Administration Costs

Administration costs of the Public Trustee are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

6. Investments - Common Fund

	1989	1989	1988
	Par Value	Book Value	
Term deposits and investment certificates P of M	$ 2,800,000	$ 2,800,000	$ 6,600,000
Government of Canada bonds	47,875,000	50,879,462	40,466,492
Province of British Columbia bonds	2,000,000	2,028,632	2,942,030
Province of Manitoba bonds	200,000	199,475	199,388
Province of Ontario bonds	-	-	1,899,828
Province of Quebec bonds	1,000,000	997,536	996,797
Ontario Hydro-Electric bonds	20,527,000	20,673,173	18,252,905
Federal Business Development Bank	-	-	512,259
	$74,402,000	$77,578,278	$71,869,699

7. Investments - Specific Estates and Trusts

	1989	1988
Term deposits, investment certificates and treasury bills, at par value	$ 4,753,090	$ 3,676,788
Government of Canada and other bonds, at par value	7,619,048	8,444,703
Shares of capital stock and mutual funds (Note 2(b))	1,714,491	1,851,625
	$14,086,629	$13,973,116

8. Statutory Fees and Costs

Under Section 3(3) and Section 4 of The Public Trustee Act and Section 12 of The Infant Trust Act, the Public Trustee provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $10,441 for the year ended March 31, 1989 (1988 - $13,216). These amounts are not reflected in the financial statements.

9. Change in Accounting Policy

For the year ended March 31, 1989, the Public Trustee changed its accounting policy to reflect accrued interest receivable on common fund investments. Previously the interest was recorded on a cash basis. This change, which has been applied retroactively, resulted in accrual of interest receivable on common fund investments and a corresponding increase in estates and trusts under administration.

10. Allocation of the Amortization of Premiums Paid on Bond Purchases

The amortization of premiums paid on bond purchases have not been processed properly in the trust equity accounts. This resulted in an overallocation of interest. This matter is being resolved. The active estates and trusts are being charged with the appropriate amount of the amortized premiums paid. The Government of the Province of Manitoba is providing funds to reimburse the Common Fund for the portion of the amortized bond premiums pertaining to discharged estates and trusts and to refund fees previously paid on the overallocated interest.

11. Comparative Figures

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1989.

Manitoba

THE TEACHERS' RETIREMENT ALLOWANCES FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C and Schedules 1 and 2, of The Teachers' Retirement Allowances Fund for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

May 9, 1989,
Winnipeg, Manitoba.

Exhibit A

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Balance Sheet
as at December 31, 1988
(with 1987 figures restated for comparison)

ASSETS

	1988	1987
Investments, Schedule 1	$587,736,075	$524,303,273
Unamortized net adjustment to book value of securities sold before maturity	34,440	64,677
Accrued interest on investments	6,201,746	5,573,218
Investment income receivable	2,257,981	1,656,826
Teachers' contributions receivable from school divisions	2,907,850	2,626,623
Receivable from Government of the Province of Manitoba	936,683	566,531
Computer and office equipment, at cost less accumulated amortization of $156,216 (1987 - $107,486), Note 2(F)	96,204	124,164
	$600,170,979	$534,915,312

LIABILITIES

	1988	1987
Bank overdraft and cash on hand	$ 134,126	$ (471,561)
Accounts payable	496,449	512,818
Money Purchase Account, Note 4, Exhibit C	64,726	28,323
Provision for Fund's share of employees' pension benefits, Note 2(E)	680,070	572,862
	1,375,371	642,442
Benefit Reserves, Exhibit B:		
Reserves for teachers' share of benefits:		
Basic	548,447,906	489,280,194
Pension indexing adjustments	48,536,562	43,354,910
Reserves for employers' share of benefits:		
Manitoba Teachers' Society	1,662,809	1,491,174
Manitoba Association of School Trustees	148,331	146,592
	598,795,608	534,272,870
	$600,170,979	$534,915,312

Exhibit B

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Changes in Benefit Reserves for the year ended December 31, 1988 (with 1987 figures for comparison)

	1988					1987
	Reserve for Teachers' Share of Benefits		Reserve for Employers' Share of Benefits			
	Basic	Pension Indexing Adjustments	Manitoba Teachers' Society	Manitoba Association of School Trustees	Total	Total
Additions:						
Contributions:						
Teachers........................	$ 28,909,912	$ 5,694,365	$ --	$ --	$ 34,604,277	$ 33,666,816
Province of Manitoba:						
Share of benefits charged.....	23,789,562	--	--	--	23,789,562	20,760,037
Re: Actuarial liability created by 1970 and 1973 amendments...............	1,613,300	--	--	--	1,613,300	1,613,300
Prior rural service of certain Winnipeg teachers........	119,697	--	--	--	119,697	122,664
Manitoba Teachers' Society......	--	--	75,398	--	75,398	72,541
Manitoba Association of School Trustees.................	--	--	--	3,247	3,247	8,296
Other: Transfers under reciprocal agreements...............	960,510	--	--	--	960,510	1,541,418
Transfer from Money Purchase Account, Exhibit C...............	106,065	--	--	--	106,065	38,753
Total contributions...	55,499,046	5,694,365	75,398	3,247	61,272,056	57,823,825
Investment Income, Schedule 2, Note 2..........................	50,049,651	4,763,724	149,869	14,179	54,977,423	47,681,911
Total additions.......	105,548,697	10,458,089	225,267	17,426	116,249,479	105,505,736
Deductions:						
Pensions paid.....................	41,697,305	5,276,437	53,632	15,687	47,043,061	41,884,834
Contributions refunded............	2,466,114	--	--	--	2,466,114	2,013,279
Transfers under reciprocal agreements...............	1,019,144	--	--	--	1,019,144	1,055,909
Administrative expenses...........	1,198,422	--	--	--	1,198,422	960,689
Total deductions......	46,380,985	5,276,437	53,632	15,687	51,726,741	45,914,711
Net increase for year...............	59,167,712	5,181,652	171,635	1,739	64,522,738	59,591,025
Balance at beginning of year........	489,280,194	43,354,910	1,491,174	146,592	534,272,870	474,681,845
Balance at end of year, Exhibit A...	$548,447,906	$48,536,562	$1,662,809	$148,331	$598,795,608	$534,272,870

Exhibit C

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Money Purchase Account
for the year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Additions:		
Deposits	$139,242	$ 45,756
Allocation of interest income net of administration fee	3,226	1,876
	142,468	47,632
Deductions:		
Transfer to basic reserve upon election of annuity, Exhibit B	106,065	38,753
Increase for the year	36,403	8,879
Balance at beginning of year	28,323	19,444
Balance at end of year, Exhibit A	$ 64,726	$ 28,323

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments
as at December 31, 1988

	Par Value	Book Value
Fixed income longer term investments, Note 2(B)(i):		
Bonds and other debt instruments issued by, or guaranteed by, the following:		
Canada	$ 94,596,125	$ 63,410,698
Province of Alberta	65,000	64,990
Province of British Columbia	3,329,875	1,554,182
Province of Manitoba	22,580,000	22,556,057
Province of New Brunswick	865,000	863,116
Province of Newfoundland	1,000,000	995,090
Province of Nova Scotia	220,000	218,753
Province of Ontario	14,972,375	10,317,212
Province of Prince Edward Island	690,000	683,235
Province of Quebec	450,000	449,430
Province of Saskatchewan	650,000	648,200
Hospital districts	6,174,000	6,167,158
Municipal corporations	9,995,904	9,980,728
Corporations	78,545,407	76,907,938
	234,133,686	194,816,787
Mortgages:		
Insured:		
National Housing Act (Canada) - regular	103,969,184	103,564,115
National Housing Act (Canada) - index linked	29,374,033	29,374,033
Other	3,876,631	3,861,594
Uninsured	18,692,194	18,666,236
	155,912,042	155,465,978
Total fixed income longer term investments at amortized cost		350,282,765
Less: Provision for capital losses		3,143,512
Net fixed income longer term investments, carried forward		$347,139,253

Schedule 1

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments
as at December 31, 1988

	Book Value
Brought forward	$347,139,253
Non-fixed income investments, Note 2(B)(ii):	
Real estate equity investments:	
Common shares	29,257,804
Participating bonds	49,083,752
Qualifying shares	60,000
Total real estate equity investments, at appraised values	78,401,556
Less: Provision for valuation declines	4,819,973
Net real estate equity investments	73,581,583
Direct natural resource investments:	
Shares and notes, at cost plus interest in retained earnings	25,196,850
Investment in subsidiary, Note 3	1,000
Total direct natural resource investments	25,197,850
Venture capital equity investments, at appraised values	22,264,832
Less: Provision for valuation declines	403,000
Net venture capital equity investments	21,861,832
Real estate acquired through mortgage defaults	5,030,557
Total non-fixed income investments	125,671,822
Short term notes, at cost	114,925,000
Total Investments, Exhibit A	$587,736,075

Schedule 2

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investment Income
for the year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Fixed income longer term investments, Note 2(B)(i):		
Interest	$32,355,630	$29,199,393
Amortization of discounts and premiums	3,171,857	1,577,462
	35,527,487	30,776,855
Less: Allocation to provision for capital losses	825,875	714,640
	34,701,612	30,062,215
Non-fixed income investments, Note 2(B)(ii):		
Real estate equity:		
Interest and dividends	6,413,550	5,781,669
Adjustment due to changes in book value of investments	1,157,650	2,371,071
	7,571,200	8,152,740
Direct natural resources:		
Income from subsidiary	991,429	309,671
Dividends	420,575	615,745
Adjustments due to changes in book value of investments	(866,000)	(1,301,100)
	546,004	(375,684)
Venture capital equity:		
Income	645,963	890,569
Adjustments due to changes in book value of investments	(27,000)	(360,500)
	618,963	530,069
Mortgage investment corporation:		
Dividends	—	57,080
Canadian Commercial Bank:		
Proceeds from sale of assets, Note 5	106,636	—
Income from real estate acquired through mortgage defaults	357,930	507,210
Short term notes:		
Interest	11,144,183	8,805,771
Total investment income	55,046,528	47,739,401
Allocated to:		
Provision for Fund's share of employees' pension benefits	(65,879)	(55,614)
Money Purchase Account, net of administration fee	(3,226)	(1,876)
Net Investment Income, Exhibit B	**$54,977,423**	**$47,681,911**

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Notes to the Financial Statements
for the year ended December 31, 1988

1. **Nature of the Organization:**

The Teachers' Retirement Allowances Fund Board was originally constituted under an Act passed at the 1925 session of the Legislature and is responsible for administering the current legislation, The Teachers' Pensions Act. The Act provides for the establishment and maintenance of a pension plan and fund to provide retirement security for all public school teachers in Manitoba.

The Teachers' Retirement Allowances Fund primarily consists of contributions made by teachers and provides funds to meet half the cost of retirement benefits.

2. **Significant Accounting Policies:**

The significant accounting policies are summarized below:

(A) The Fund follows the accrual basis of accounting in all cases where the amount of the accrual is material, specifically teacher contributions and investment income.

(B) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Income on fixed income investments includes the net effect of amortization of discounts and premiums on securities held as well as amortization of book losses on bonds sold before maturity in order to acquire other securities for an increase in net yield.

One quarter of 1% of the weighted average monthly book value during the year of fixed income longer term investments is allocated to a provision for capital losses and any actual losses realized are charged against the provision.

(ii) Non-fixed income investments:

Where valuation information is available, which is considered by management to be reliable, non-fixed income investments are adjusted to reflect the change in their values. One-half of any unrealized appreciation is taken into income in the year and the balance is credited to the provision for valuation declines. In any year that the valuations decrease, the whole of the decrease is charged to the provision. The portion of any valuation decline exceeding the provision balance is charged to income. When an investment is sold, the balance in the provision pertaining to the investment sold is transferred to income.

(a) Investment in subsidiary:

The investment in subsidiary is accounted for on the equity method. On this basis the net change in the equity of the wholly owned subsidiary, Teachers' Retirement Resources Investment Corporation of Manitoba Inc., is recognized as income or expense to the Fund and changes the carrying value of the investment.

(b) Real estate acquired through mortgage defaults:

Properties taken over by the Fund as a result of mortgage defaults are recorded at cost. These properties presently provide the Fund with rental income and are sold when economic conditions are favorable.

(C) Pension indexing adjustment reserve:

An allocation of teachers' contributions is made to the reserve in accordance with the Act. Interest is allocated to the reserve on the basis of the average rate earned by the Fund on all fixed income investments in the Fund.

Cost of living pension adjustment payments are calculated effective July 1 in each year and are based on the lesser of the increase in the Canadian Consumer Price Index for the preceding calendar year, or the amount, determined by an actuarial review, that could be paid without resulting in an unfunded liability in the reserve.

(D) Actuarial valuation:

The financial statements do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every 3 years. The most recent actuarial report as at January 1, 1987, disclosed a surplus of $29,412,601 compared to a surplus of $37,677,206 at January 1, 1984.

(E) Provision for Fund's share of employees' pension benefits:

A portion of the Fund was allocated to provide for the Fund's accrued actuarial.liability based on an actuarial report at December 31, 1980. The report provided a method of allocating funds to the Provision each year between triennial valuations to recognize the annual increase in this liability and for adjustments to be made for actual experience at each valuation. Transactions affecting the Provision in 1988 and 1987 were as follows:

	1988	1987
Balance, beginning of year............	$572,862	$512,239
Charged to Administrative expenses		
Adjustment re actuarial valuation at December 31, 1986.............	--	(28,639)
Required employer contributions...	41,329	33,648
Interest allocated from investment income..........................	65,879	55,614
Balance, end of year..................	$680,070	$572,862

(F) Computer and office equipment:

Computer equipment, office equipment and software acquisitions are capitalized and amortized on a straight line basis over five years.

3. **Investment in Subsidiary:**

The Teachers' Retirement Resources Investment Corporation of Manitoba Inc. (TRRICMI), a wholly owned subsidiary of the Fund, was incorporated on July 13, 1983, for the purpose of participating in the energy resource sector on behalf of the Fund.

The Fund's investment in TRRICMI is comprised of:

	1988	1987
Shareholder's advances............	$ 900	$4,785,154
Capital stock.....................	100	100
Retained earnings (deficit).......	--	(991,429)
Investment in subsidiary..........	$ 1,000	$3,793,825

Subsequent to the 1987 year end, and before preparation of the 1987 financial statements, it was determined that, largely because of the accounting treatment followed in the past, the carried value of the Fund's investment in TRRICMI was significantly in excess of realizable value. Accordingly, the carried value of this investment was written down by $1,301,100 to $3,793,825 and the book loss was applied as an adjustment of 1987 investment income.

Effective April 13, 1988, TRRICMI ceased its joint venture oil and gas resource investment activity. The investments held in TRRICMI were transferred to the Fund and exchanged for shares in a different pension resource corporation (Exchange Resources Ltd.). TRRICMI realized a gain of $975,835 on the transfer of its investments to the Fund. This gain reflects repayments and petroleum incentive grants received in 1988. The combined effect of the book loss recorded in 1987 and the gain realized in 1988 is a net loss of $325,265.

4. **Money Purchase Account:**

The Teachers' Retirement Allowances Fund Board has established rules for the Money Purchase Account in accordance with Section 74 of The Teachers' Pensions Act. Under these rules, eligible individuals may transfer to the Money Purchase Account an amount from the Fund, the pension plan of a prior employer, or a locked-in registered retirement savings plan, to provide for an annuity or other settlement in the future. The Money Purchase Account is accounted for separately by the Board. The Board charges an annual administrative fee of 1% of the average value of the assets in the plan. The accumulated value of the eligible individual's account, upon election of an annuity under the Money Purchase Account, is transferred to the Basic Benefit Reserve.

5. **Proceeds from Sale of Assets:**

The failure of the Canadian Commercial Bank in 1985 resulted in the write down of the Fund's investment in that bank to $1. Legal action taken on behalf of the Fund produced a partial return of capital of $106,636 with further funds possible in 1989.

PATRICK J. BEERNAERT
Chartered Accountant
Waldron Block, 400 South Railway St., Box 837,
Boissevain, Manitoba ROK 0E0
(204) 534-2270

AUDITOR'S REPORT

To the Members of the Board of the Turtle Mountain
Conservation District No. 4

I have examined the balance sheet of the Turtle Mountain Conservation District No. 4 as at March 31, 1989 and the statements of operations and surplus (deficit) for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the district as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as described in Note one to the financial statements, applied on a basis consistent with the preceding year.

CHARTERED ACCOUNTANT

Boissevain
June 23, 1989

Statement 1

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

BALANCE SHEET

As at March 31, 1989

ASSETS

	1989	1988
Current assets:		
Cash	$ 40,137	$ 50,968
Accounts receivable (Note 3)	8,297	1,969
Inventory- seed	850	4,701
	49,284	57,638
Fixed assets (Note 4)	30,620	9,088
	79,904	66,726

LIABILITIES

	1989	1988
Current liabilities:		
Accounts payable (Note 5)	667	2,082
Unearned revenue	5,003	5,970
	5,670	8,052
General board program (Statement 2)	46,109	37,011
Sub-district program (Statement 3)	19,116	9,914
Equipment program (Statement 4)	9,009	11,749
	74,234	58,674
	$ 79,904	$ 66,726

Statement 2

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS - GENERAL BOARD PROGRAM

For the year ended March 31, 1989

	1989	1988
Revenue:		
Municipal levies	$ 26,540	$ 26,540
Province of Manitoba	143,404	130,254
Land rental revenue	3,375	
Ducks Unlimited	967	
Soils committee	30,152	25,397
Program revenue	350	
Recreation committee	330	440
Miscellaneous (Note 5)	857	735
Interest	1,942	341
	207,917	183,707
Transfer from equipment program	15,914	
	223,831	183,707
Expenses:		
Administrative		
General	31,892	20,589
Local	415	550
Board and committee remuneration	9,198	7,124
Depreciation - office equipment	85	342
support program	29	70
District supervisor - salary	31,498	31,458
- expenses	4,768	5,913
Public relations	99	272
Professional education and development	920	896
	78,904	67,214
Special programs		
Demonstration programs	967	1,300
Forage seed assistance	65,494	54,616
Gully stabilization	6,405	2,482
Public education	16,996	40,953
Recreation committee	2,130	60
Road allowance program	3,327	2,907
Shelter-belt program	4,136	5,028
Wildlife habitat improvement - uplands	16,744	9,551
Wildlands	50	
Backflood irrigation project	19,580	
	135,829	116,897
Total expenses	214,733	184,111
Excess (deficiency) of revenue over expenses	9,098	(404)
Surplus - beginning of year	37,011	37,415
Surplus - end of year	$ 46,109	$ 37,011

Statement 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

For the year ended March 31, 1989

	Upper Pembina #59	Waskada Creek #65
Revenue:		
Municipal levies	$ 7,804	$ 8,592
Province of Manitoba	20,135	17,144
Municipal grant		
	27,939	25,736
Expenses:		
Runway stabilization	26,131	23,799
Water storage	716	
Ditch		
	26,847	23,799
Excess (deficiency) of revenue over expenses	1,092	1,937
Surplus (deficit) - beginning of year	1,360	(3,509)
Surplus (deficit) - end of year	$ 2,452	$ (1,572)

Statement 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

For the year ended March 31, 1989

Medora Creek #66	Chain Lakes #67	Elgin Creek #68	Total 1989	Total 1988
$ 10,410	$ 2,792	$ 9,254	$ 38,852	$ 38,852
6,211	872	37,534	81,896	83,640
667		3,196	3,863	
17,288	3,664	49,984	124,611	122,492
2,374	1,445	22,319	76,068	102,076
6,668		31,957	39,341	9,445
				2,181
9,042	1,445	54,276	115,409	113,702
8,246	2,219	(4,292)	9,202	8,790
4,802	679	6,582	9,914	1,124
$ 13,048	$ 2,898	$ 2,290	$ 19,116	$ 9,914

Statement 4

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS - EQUIPMENT PROGRAM

For the year ended March 31, 1989

	1989	1988
Revenue:		
Equipment revenue	$ 9,449	$ 10,461
Gain on disposal of tractor	9,996	
	19,445	10,461
Expenses:		
Repairs and maintenance	2,008	3,850
Depreciation	4,263	2,353
	6,271	6,203
Excess of revenue over expenses before undernoted	13,174	4,258
Transfer to general board program	15,914	
Excess (deficiency) of revenue over expenses	(2,740)	4,258
Surplus - beginning of year	11,749	7,491
Surplus - end of year	$ 9,009	$ 11,749

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 1989

NOTE 1 - PURPOSE

To promote, support, and assist in research and action programs to aid in the conservation of the natural resources of the district and to make the public aware of its efforts to achieve these goals.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The Conservation District follows generally accepted accounting principles except that land acquired for conservation purposes is expensed in the year in which expenditures are made. Land is not shown as a fixed asset.

Significant accounting policies are as follows:

Revenue recognition

Revenues are recognized in the year that the related expenses are incurred. Grants received and not applied in the current year are deferred to future periods and recognized with related expenses in those future periods.

Inventory

Inventory is recorded at cost.

Fixed assets and depreciation

Fixed assets are recorded at cost with depreciation being recorded on the straight line method at the following rates:

Office equipment	15%
Program support equipment	
Hudson sprayer	15%
Even-spray sprayer	10%
Field equipment	
tractor	15%
other	10%

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable are composed of the following:

	1989	1988
Trade accounts	$ 8,212	$ 1,486
Province of Manitoba	85	483
	8,297	1,969

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 1989

NOTE 4 - FIXED ASSETS

The following is a summary of the fixed asset and accumulated depreciation accounts:

	Balance beginning of year	Additions	Disposals	Reclassi-fications	Balance end of year
Fixed assets					
Office equipment	3,995		1,838		2,157
Program support equipment	367				367
Field equipment					
old tractor	21,618		12,859	(8,759)	
new tractor		25,334			25,334
other	2,205	577	— —	8,759	11,541
	28,185	25,911	14,697	—	39,399
Accumulated depreciation					
Office equipment	3,696	87	1,838		1,945
Program support equipment	249	29			278
Field equipment					
old tractor	13,369		12,859	(510)	
new tractor		3,167			3,167
other	1,783	1,096	— —	510	3,389
	19,097	4,379	14,697	--	8,779
Net book value	9,088				30,620

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 1989

Note 5 - PRIOR PERIOD ADJUSTMENT

On March 20, 1989 a letter was received from the Conservation District Authority, a subdepartment of the department of Natural Resources, indicating it was now their policy to require conservation districts to credit land rental revenues to the year in which they are received at the existing cost shared policy.
The Turtle Mountain Conservation District received land rental revenue of $2700 during 1987. As a result, an unreported liability of $2025 (75% of $2700) existed on December 31, 1987.
Therefore, I have restated the comparative figures to reflect this liability. Accounts payable on the Balance Sheet have been increased from $57 to $2082. In addition, miscellaneous revenue on the Statement of Operations and Surplus - General Board Program has been reduced by $2025 from $2760 to $735.

NOTE 6 - COMPARATIVE FIGURES

Municipal grants for the 1989 calendar year have not been reflected in the financial statements since the related expenses are incurred after March 31, 1989.

NOTE 7 - CONTRACTUAL OBLIGATIONS

The Conservation District is committed to forage seed purchases during the next year in the amount of $18,659.

AUDITOR'S REPORT

To the Board of Directors of the Turtle River Watershed Conservation District:

I have examined the Balance Sheet of the Turtle River Watershed Conservation District as at March 31st, 1989 and other statements, being Exhibits "B" to "G" inclusive which covers the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these Financial Statements present fairly the financial position of the Watershed as at March 31st, 1989 and the results of it's operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the accounting for inventory as outlined in note "3" in the Notes to Financial Statements.

F.D. ZAPLITNY,
Chartered Accountant

DAUPHIN, Manitoba
June 29th, 1989

EXHIBIT "A"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

BALANCE SHEET
As at March 31st, 1989 and 1988

	1989	1988
ASSETS		
Current Assets -		
Cash	$ 18,648	
Short Term Investments	28,170	19,893
Accounts Receivable	26,593	68,666
Prepaid Expenses		694
Inventory	184,298	163,139
Total Current Assets	257,709	252,392
Fixed Assets at Book Value	56,480	48,137
Total	$ 314,189	300,529
LIABILITIES		
Current Liabilities -		
Bank Overdraft	$	33,128
Accounts Payable	3,195	750
Labour Crew Surcharge	6,314	2,991
Prepaid Grant	8,000	
Total Current Liabilities	17,509	36,869
Watershed Accounts -		
Sub-District Program Account - Exhibit "B"		1,658
General Board Program - Exhibit "C"	236,404	206,995
Emergency Reserve Account - Exhibit "D"	57,297	54,861
Equipment Account - Exhibit "F"	(1,485)	(284)
Soil Management Account - Exhibit "G"	1,069	430
Truck Reserve	3,395	
	296,680	263,660
Total	$ 314,189	300,529

(The accompanying notes are an integral part of these financial statements)

EXHIBIT"B"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF SUB-DISTRICT PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1989 and 1988

	Sub-District 44	Sub-District 45	Sub-District 46	1989 Totals 12 Months	1988 Totals 12 Months
Revenue - $					
Municipal Grants	NIL	NIL	NIL	NIL	28,397
Province of Man. Allocated Grant	NIL	NIL	NIL	NIL	72,590
	NIL	NIL	NIL	NIL	100,987
Expenditures -					
Channel Construction	NIL	NIL	NIL	NIL	37,973
Channel Improvements	NIL	NIL	NIL	NIL	63,014
	NIL	NIL	NIL	NIL	100,987
Revenue Over(Under) Expenditures	NIL	NIL	NIL	NIL	NIL
Add -					
Opening Balance	95	(3,231)	4,794	1,658	1,658
Transfer to Board Fund	(95)	3,231	(4,794)	(1,658)	
Closing Balance	$ NIL	NIL	NIL	NIL	1,658

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "C"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF GENERAL BOARD PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1989 and 1988

	1989	1988
Revenue Over/Under Expenditures - Forward	$ 24,685	43,958
Transfer to Land Development Reserve		(2,821)
Transfer to Flood Projection Reserve	5,276	4,702
Transfer to Truck Reserve	3,394	
Loss on Sale of Asset	364	
	9,034	1,881
Revenue Over/Under Expenditures	15,651	42,077
Add: Opening Balance	206,995	1,779
Closing Balance before Inventory Adjustment	222,646	43,856
Inventory Adjustment - Note 3	13,758	163,139
Closing Balance	$ 236,404	206,995

• (The accompanying notes are an integral part of these financial statements)

EXHIBIT "D"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF EMERGENCY RESERVE ACCOUNT
For the Periods Ended March 31st, 1989 and 1988

	1989	1988
Amount at Opening	$ 54,861	52,980
Transfer from General Board Program Account -		
Flood Protection	5,277	4,702
Land Development	(2,841)	(2,821)
Amount at Closing	$ 57,297	54,861

EXHIBIT "E"

STATEMENT OF PROVINCE OF MANITOBA GRANT ACCOUNT
For the Periods Ended March 31st, 1989 and 1988

Grant Received	$ 472,850	479,447
Less - Allocations to Watershed Programs:		
General Board Program	472,850	406,858
Sub-District Program		72,589
	$ NIL	NIL

EXHIBIT "F"

STATEMENT OF EQUIPMENT ACCOUNT REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1989 and 1988

Truck Revenue	$ 10,502	4,517
Tool Revenue	1,373	1,173
Sprayer Revenue	888	
	12,763	5,690
Expenses -		
Depreciation		24
Truck	11,198	4,386
Tools	1,681	1,179
Trailer	1,085	277
	13,964	5,866
Revenue Over/Under Expenditures	(1,201)	(176)
Amount at Opening	(284)	(108)
Amount at Closing	$ (1,485)	(284)

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "G"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

SOIL MANAGEMENT PROJECT - REVENUE AND EXPENDITURES
For the Years Ended March 31st, 1989 and 1988

		District Board	Government Of Canada	Province of Man.	Total 1989	Total 1988
Revenue -						
Grants Received	$		34,891	7,985	42,876	41,420
Equipment		909			909	768
		909	34,891	7,985	43,785	42,188
Expenditures -						
Administration			243	5,438	5,681	7,883
Extension			122	1,811	1,933	2,628
Field Demonstration			2,821		2,821	8,896
Equipment		11	60		71	4,900
Producer Incentives			32,640		32,640	22,952
		11	35,886	7,249	43,146	47,259
Revenue Over(Under) Expenditures		898	(995)	736	639	(5,071)
Amount at Opening		33	382	15	430	5,501
Amount at Closing	$	931	(613)	751	1,069	430

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
March 31st, 1989

1. Accounts Receivable of the District are made up of the following:

		1989	1988
Municipal Grants and Levies	$	11,419	13,826
Conservation District Authority		5,447	4,797
Other		9,727	50,043
Total	$	26,593	68,666

2. In 1988 a change of Accounting for inventory took place. Prior to 1988, inventory was not taken at year-end and not accounted for on the Balance Sheet. In 1988, inventory was recorded as an asset and an adjustment was made to the General Board Program Account. A further adjustment was made during the fiscal year and appears on Exhibit "C".

3. Fixed Assets of the District are normally recorded at Cost. The exception to this policy is those Assets purchased under the Federal Provincial Soil Management Project. Because these assets are not subject to depreciation, they are expenses in the year of purchase.

Depreciation on District Assets purchased in the normal course of affairs is provided as follows:

Office Equipment	15% Straight Line
Field Equipment	20% Straight Line
Fencer	25% Straight Line
Fence	5% Straight Line
Truck	25% Straight Line
Trailer	20% Straight Line
Tools	20% Straight Line
Building	4% Straight Line
Sprayer	20% Straight Line

		Cost	Accumulated Depreciation	1989 Book Value	1988 Book Value
Office Equipment	$	813	813	NIL	NIL
Field Equipment		472	472	NIL	NIL
Fencer		99	99	NIL	NIL
Fence		4,863	1,135	3,728	3,971
Truck		14,445	3,176	11,269	12,527
Trailer		3,745	749	2,996	3,745
Tools		8,303	2,148	6,155	6,244
Labor Crew Building		24,972	999	23,973	21,650
Sprayer		10,031	1,672	8,359	
	$	67,743	11,263	56,480	48,137

4. Accounts Payable of the District are made up as follows:

		1989	1988
Trade	$	450	10
Payroll Tax			740
Land Aquisition		2,745	
	$	3,195	750

5. Contingent Liability -

In September of 1987 a contract was entered into with Cando Contracting for an experimental Crossing. If the Board approves of the crossing, $20,000 will become payable 2 years from the contract date. At the time of preparation of these financial statements, it is undeterminable whether the Board will approve the crossing.

Manitoba

THE UNIVERSITIES GRANTS COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Universities Grants Commission for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Universities Grants Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 25, 1989,
Winnipeg, Manitoba.

EXHIBIT A

THE UNIVERSITIES GRANTS COMMISSION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
ASSETS		
Cash on hand and in bank	$ 317,027	$ 86,786
Grants receivable from the Government of the Province of Manitoba	281,697	676,664
Amount recoverable from the Government of the Province of Manitoba	24,763	35,319
	$ 623,487	$ 798,769
LIABILITIES		
Accounts payable:		
Grants	$ 476,104	$ 686,520
Other	7,417	112
Funds held on behalf of The Canadian International Development Agency	8,674	-
	492,195	686,632
The Universities Grants Fund (Note 1):		
Balance, beginning of year	112,137	96,853
Revenues over expenditures, Exhibit B	19,155	15,284
Balance, end of year	131,292	112,137
	$ 623,487	$ 798,769

EXHIBIT B

THE UNIVERSITIES GRANTS COMMISSION

Statement of Operating Revenues and Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Government of the Province of Manitoba grants:		
Revenue appropriation:		
Department of Education	$ 184,953,015	$ 185,819,347
Department of Highways and Transportation	240,000	240,000
Government of Canada grants:		
Department of Transport	-	2,250,000
	185,193,015	188,309,347
Interest income	32,890	11,707
Total revenues	185,225,905	188,321,054
Expenditures:		
Operating grants (Notes 1 and 3)	180,283,349	181,390,946
Major capital project grants (Notes 1 and 4)	450,000	4,244,234
Universities Development Fund (Notes 1 and 5)	2,550,000	1,502,766
Access Fund (Notes 1 and 6)	574,308	-
Administrative and other, Schedule 1	335,858	338,249
	184,193,515	187,476,195
Support programs:		
Computer network	464,750	427,073
Less: Recoveries from the Department of Education	87,052	86,035
	377,698	341,038
Inter-Universities program in Northern Manitoba	469,537	422,537
Chair in Women's Studies	66,000	66,000
New program funding (Note 2)	100,000	-
	1,013,235	829,575
Total expenditures	185,206,750	188,305,770
Revenues over expenditures, Exhibit A	$ 19,155	$ 15,284

THE UNIVERSITIES GRANTS COMMISSION

Schedule of Administrative and Other Expenditures for the year ended March 31, 1989 (with 1988 figures for comparison)

	1989	1988
Automobile and travelling	$ 5,082	$ 7,426
Course and membership fees	6,664	4,501
Furniture and equipment	7,359	8,381
Office rental	32,835	32,268
Postage and telephone	6,444	5,444
Printing and stationery supplies	5,140	11,441
Professional fees	21,575	21,019
Remuneration of Commission members	20,206	21,792
Salaries and employee benefits	225,856	219,465
Subscriptions	1,560	1,406
Sundry	3,137	5,106
Total administrative and other expenditures, Exhibit B	$ 335,858	$ 338,249

Notes to Financial Statements
for the year ended March 31, 1989

1. Accounting Policies

The Universities Grants Commission's annual financial statements are prepared using the accrual basis of accounting except for interest on cash balances, expenditures on leasehold improvements and equipment purchases, and pension payments. Interest on cash balances is taken into account in the year that it is received. Leasehold improvements and equipment purchases are charged to expenditures in the year of acquisition. Pension payments are charged to expenditures as the payments are made under the provisions of The Manitoba Civil Service Superannuation Act.

Operating and capital grants to the Universities reflect expenditures to the Universities for their annual operations and approved capital projects. Annual operating grants are paid on a scheduled basis to meet the Universities' operating requirements; capital grants are paid after expenditures have been incurred and claimed.

The Universities Development Fund and the Access Fund were established by the Government of the Province of Manitoba to provide additional assistance to the Universities. These grants to the Universities reflect expenditures to the Universities for specifically approved projects.

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension payments made to retired employees. A provision is not made in the accounts to fund current or past service obligations of the Commission to The Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $222,511 as at December 31, 1988 (1987 - $194,533).

2. New Program Funding

This funding is intended to provide assistance to the Universities in implementing approved new programs.

3. Operating Grants

	1989	1988
The University of Manitoba	$ 144,115,591	$ 146,398,874
The University of Winnipeg	19,703,663	19,218,842
Brandon University	12,924,907	12,527,823
St. Boniface College	3,539,188	3,245,407
Total	$ 180,283,349	$ 181,390,946

4. Major Capital Project Grants

	1989	1988
The University of Manitoba	$ -	$ 2,250,000
Brandon University	-	1,994,234
St. Boniface College	450,000	-
Total	$ 450,000	$ 4,244,234

5. Universities Development Fund Grants

	1989	1988
The University of Manitoba	$ 1,800,000	$ 955,000
The University of Winnipeg	500,000	100,000
Brandon University	200,000	412,766
St. Boniface College	50,000	35,000
Total	$ 2,550,000	$ 1,502,766

6. Access Fund Grants

	1989	1988
The University of Manitoba	$ 270,000	$ -
The University of Winnipeg	185,000	-
Brandon University	35,000	-
St. Boniface College	35,000	-
Canadian National Institute for the Blind	49,308	-
Total	$ 574,308	$ -

Manitoba

THE UNIVERSITY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A to C and Schedules 1 to 31, of The University of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

June 29, 1989,
Winnipeg, Manitoba.

FINANCIAL STATEMENTS

The University of Manitoba
Comparative Statement of Financial Position
as at March 31, 1989 and March 31, 1988

Statement A

Assets

	1989	*1988*	
Cash and Bank, Less Outstanding Cheques	$ 17,182,794	$ 6,949,987	(1)
Marketable Investments for General Purposes (Note 1j)	20,105,520	21,714,870	(2)
Receivable from the Universities Grants Commission	466,663	328,183	(3)
Accounts Receivable:			
General	6,581,382	6,478,242	(4)
Research and Special	10,560,697	8,642,244	
Inventories (Note 1k)	2,461,980	2,257,551	(5)
Prepaid Expenditures	3,918	7,836	
Discount on Debentures	438,500	438,500	
	57,801,454	46,817,413	
Investments Held for Specific Purposes (Note 1j)	18,025,656	18,459,102	(2)
Funds on Deposit with The Great-West Life Assurance Company for Staff Benefits	13,162,028	12,368,928	
Investment in Subsidiary Company (Note 5)	65,305	48,127	
Fixed Assets: (Notes 1l and 2)			
Buildings and Sites	47,110,358	47,164,902	(6)
Equipment and Furnishings	102,965,508	101,747,260	
Library Holdings	36,553,398	33,723,647	
Construction in Progress	149,267		(7)
	186,778,531	182,635,809	
	$275,832,974	$260,329,379	

Liabilities and Fund Balances

	1989	*1988*	
Accounts Payable	$ 14,588,350	$ 14,857,590	(8)
Demand Loan (Note 7)		1,690,000	
Deferred Income	819,550	534,690	(9)
Lease Obligations	168,567	128,346	
	15,576,467	17,210,626	
Province of Manitoba — Capital Advance	3,643,917	3,872,568	
Debentures Payable: Guaranteed by the Province of Manitoba	10,155,455	10,324,733	(10)
Less: Assets on Deposit with the Province of Manitoba for Retirement of Debentures			
Cash	2,271,025	3,151,488	
Investments (Note 1j)	6,758,442	6,759,658	(2)
	1,125,988	413,587	
Fund Balances:			
General Fund:			
General Operating (Note 1d)	699,949	606,211	
Research and Special (Note 1e)	21,699,378	18,935,337	(11)
Specific Provisions (Note 1f)	6,495,968	5,571,708	(12)
Capital Purpose (Notes 1g and 3)	(1,298,965)	(170,264)	(13)
	27,596,330	24,942,992	
Staff Benefits (Note 1h)	13,162,028	12,368,928	(14)
Trust and Endowment (Note 1i)	32,384,388	24,917,204	(15)
	73,142,746	62,229,124	
Equity in Subsidiary Company (Note 5)	65,305	48,127	
Investment in Fixed Assets (Notes 1l and 2)	182,278,551	176,555,347	
	$275,832,974	$260,329,379	

APPROVED BY THE BOARD OF GOVERNORS

David G. Malaher

D. Malaher — Chairman of the Board of Governors

Wm. Mitchell — Chairman of the Finance Committee of the Board of Governors

(The Accompanying Notes and Schedules form an integral part of the Financial Statements)
(Schedule References are in Parentheses)

Comparative Statement of Changes in Fund Balances
for the years ended March 31, 1989 and March 31, 1988

Statement B

	General Fund			
	General Operating Fund Account (Note 1d)	*Research and Special Fund Account (Note 1e)*	*Specific Provisions Fund Account (Note 1f)*	*Capital Purpose Fund Account (Notes 1g & 3)*
Revenues and Other Additions:				
Tuition and Related Fees	$ 26,388,241	$	$	$
Contributions, Donations, Non-Government Grants and Loan Financing	86,167	18,609,935		
Investments	3,635,854			
Overhead Recovery	46,453			
Special Projects				
Miscellaneous	238,543			552
Province of Manitoba — Special Funding (Note 8)	1,335,546			
Government Grants:				
Universities Grants Commission	144,045,222	914,287		2,028,897
Other		43,242,235		
Ancillary Enterprises	21,771,652			
	197,547,678	62,766,457		2,029,449
Expenditures and Other Deductions:				
Academic	117,214,301	55,015,593		
Other Academic	10,935,712	1,969,796		
Libraries	10,139,247	260,846		
Student Services	2,658,108	553,662		
Administration	9,443,429	257,583		
Plant Maintenance	22,440,548			
General	2,525,857	4,581		
Scholarships, Bursaries and Prizes	176,486	720,781		
Interest and Miscellaneous				
re Debentures	620,026			
Special Advance				
Capital Advance	392,097			
Appropriated for Retirement of Debentures, Special Advance and Capital Advance	1,096,972			
Ancillary Enterprises	21,114,917			
Repayment of Loan Financing				1,690,000
Capital Expenditures				2,490,994
Non-Insured Benefits Provision — Contra (Note 1f)	(598,072)	(89,363)		
	198,159,628	58,693,479		4,180,994
Inter-Fund Transfers	1,540,585	(1,219,574)		1,022,844
Net Revenues and Other Additions before Appropriations	928,635	2,853,404		(1,128,701)
Appropriated — Specific Provisions (Note 1f)	(834,897)	(89,363)	924,260	
Net Revenues and Other Additions	93,738	2,764,041	924,260	(1,128,701)
Balances Beginning of the Year	606,211	18,935,337	5,571,708	(170,264)
Balances End of the Year, Statement A	$ 699,949	$ 21,699,378	$ 6,495,968	$ (1,298,965)
		(11)	(12)	(13)

Staff Benefits Fund (Note 1h)	*Trust and Endowment Fund (Note 1i)*	*Total Funds 1989*	*Total Funds 1988*
$	$	$ 26,388,241	$ 24,038,236
1,177,649	6,680,282	26,554,033	22,590,375
931,594	2,844,012	7,411,460	6,189,328
		46,453	84,514
			4,390
	25,939	265,034	184,618
		1,335,546	5,021,634
		146,988,406	150,332,324
		43,242,235	37,470,207
		21,771,652	20,662,827
2,109,243	9,550,233	274,003,060	266,578,453
		172,229,894	166,686,720
		12,905,508	11,054,888
		10,400,093	9,704,518
		3,211,770	2,864,734
		9,701,012	9,337,211
		22,440,548	21,588,064
1,316,143	311,484	4,158,065	3,256,645
	391,110	1,288,377	1,151,032
		620,026	773,708
			573,197
		392,097	413,120
	36,600	1,133,572	8,625,207
		21,114,917	20,278,353
		1,690,000	925,000
		2,490,994	2,582,126
		(687,435)	
1,316,143	739,194	263,089,438	259,814,523
	(1,343,855)		
793,100	7,467,184	10,913,622	6,763,930
793,100	7,467,184	10,913,622	6,763,930
12,368,928	24,917,204	62,229,124	55,465,194
$ 13,162,028	$ 32,384,388	$ 73,142,746	$ 62,229,124
(14)	(15)		

(The Accompanying Notes and Schedules form an integral part of the Financial Statements)
(Schedule References are in Parentheses)

Comparative Statement of University Investment in Fixed Assets for the years ended March 31, 1989 and March 31, 1988

Statement C

	1989	*1988*
Additions:		
Fixed Assets, Net of Disposals	$ 12,714,737	$ 13,511,919
Principal Payments on Debt Retirement Net of Discount	169,278	2,631,435
Appropriated for Debt Retirement		
— Province of Manitoba Capital Advance	228,651	207,628
— University Sinking Fund	868,321	1,483,379
	13,980,987	17,834,361
Deductions:		
Principal Payments on Debt Retirement Financed from University Sinking Fund		2,500,000
Appraisal Equipment Written-off	8,257,783	21,000,165
	8,257,783	23,500,165
Net Change in the Year	5,723,204	(5,665,804)
Balance Beginning of the Year	176,555,347	182,221,151
Balance, End of the Year, Statement A	$182,278,551	$176,555,347

(The Accompanying Notes and Schedules form an integral part of the Financial Statements)
(Schedule References are in Parentheses)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. General

The financial statements have been prepared to conform with accounting principles for universities as described in the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published by the Canadian Association of University Business Officers.

b. Fund Accounting

The University classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives. The Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its accounts with specific assets and liabilities segregated into a General Fund, a Staff Benefits Fund and a Trust and Endowment Fund. The General Fund is further divided into Fund Accounts for General Operating, Research and Special Purposes, Specific Provisions, and Capital Purposes. The Staff Benefits Fund is further divided into Fund Accounts for Benefit Improvement and Maintenance, Self-Insured Income Disability Plan and Group Insurance Experience Refunds.

c. Accrual Accounting

The accrual basis of accounting is utilized for additions to and deductions from fund balances except that no provision is made in the Financial Statements, for depreciation on plant assets, accrued vacation pay, or accrued interest on investments and debenture debt.

d. General Operating Fund Account

The General Operating Fund Account of the University includes the academic, administrative, operational and ancillary costs that are funded by fees, grants, ancillary income and other income. The net cost of operating units is determined by deducting cost recoveries that have been generated, from total expenditures.

All funds received or accrued by the University for general operating purposes, for the interest portion of debenture financing, and for miscellaneous capital expenditures are shown in the General Operating Fund Account. Funds received for the principal portion of debenture payments applicable to debt retirement are shown in the Statement of University Investment in Fixed Assets.

The University bookstore, food services, student residences and parking are classified as Ancillary Enterprises and are budgeted on a break-even basis. Any surpluses or deficits are included in the General Operating Fund Account. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of fixed assets for these ancillaries is funded by an annual appropriation to a Specific Provisions Fund Account.

e. Research and Special Fund Account

The Research and Special Fund Account consists of funds specifically identified for research or related special activities. These funds are provided from both federal and provincial granting agencies and other public and private sources.

f. Specific Provisions Fund Account

The Specific Provisions Fund Account records appropriations made from (to) the General Operating Fund Account.

These appropriations are to guarantee future funding for the replacement or improvement of fixed assets, or other designated University programs. Such appropriations are shown on the Statement of Changes in Fund Balances.

During the year staff benefit charges included a .5% assessment of pensionable earnings to provide funds for future early retirement requirements.

g. Capital Purpose Fund Account

The Capital Purpose Fund consists of grants, gifts, interest and authorized capital borrowings, received and expended for the purpose of acquiring capital assets.

h. Staff Benefits Fund

Benefit Improvement and Maintenance:

This Fund Account is used for special payments towards any unfunded liability of the University of Manitoba Pension Plan (1970), staff benefit improvements and for other uses at the discretion of the Board of Governors after consultation with the Staff Benefits Committee. Funds received from the Great-West Life Assurance Company as experience refunds relating to the University's former pension plan are credited to this Fund Account. During 1988 the Unemployment Insurance Commission Premium Saving Fund Account was consolidated with this fund account. The premium savings are a result of the extended sick leave coverage provided by the University and are credited to this fund account.

Self-Insured Income Disability Plan:

This Fund Account is used for long-term disability benefit payments arising on or after June 1, 1981, for eligible staff. Subject to reserve amounts established on the basis of actuarial reviews, this Fund Account may be used at the discretion of the Board of Governors of the University.

An actuarial valuation of the Long Term Disability Income Plan was completed as at March 31, 1988. The Plan contains two funds; one for the payment of Basic Benefits and another for the payment of the Cost-of-Living Benefits. The actuarial valuation showed a deficit of $313,244 for the Basic Benefits portion and a surplus of $52,016 for the Cost-of-Living Benefits portion.

Group Insurance Experience Refunds:

This Fund Account is used for the support of current and future staff benefit programs, as determined by the Board of Governors following consultation with the Staff Benefits Committee. Experience refunds from The Great-West Life Assurance Company related to the group insurance plans, are credited to this Fund Account.

i. Trust and Endowment Fund

The Trust and Endowment Fund consists of gifts and bequests received with the stipulation that these funds be invested and the income earned be utilized for designated purposes.

The University may authorize expenditures for certain programs from the General Operating Fund Account and guarantee funding from the Trust and Endowment Fund. As a result, a transfer from the Trust and Endowment Fund for such expenditures may be made at the end of the fiscal year.

j. Investments

All funds available to the University are invested when it is practical to do so.

i) Short-Term Investments —
Investments falling into this classification are reported at cost.

ii) Long-Term Investments —
Investments falling into this classification are reported at cost or amortized cost, as appropriate. Bonds acquired at a premium or discount of up to one point are amortized to par at date of acquisition. Amortization of other bond premiums and discounts is calculated on a straight line basis over the life of the bond.

Gains or losses from investments are recorded as trading transactions in the year of disposal, except in the case of the reinvestment of the proceeds from the sale in a bond issue. In this case, the University carries forward any gain or loss in excess of one point for amortization over the term of the newly acquired bond.

Except where there are specific provisions to the contrary, endowment and trust funds are pooled and invested in the University Investment Trust. Investment income is distributed on a pro rata basis to each participating fund annually at March 31.

The market value of investments is disclosed as supplementary information only. Market values are not used in the determination of investment income.

k. Inventories

Inventories have been valued at the lower of cost or replacement cost.

l. Capitalization

Expenditures on land and buildings owned by the University, construction in progress, furnishings, equipment and library holdings are reflected through the Comparative Statement of Changes in Fund Balances, Statement B, in the year of payment.

Equipment purchased by lease financing is capitalized as a fixed asset in the first year of the lease with an offsetting credit to Lease Obligations. Expenditures against lease financing are shown as operating expenditures in the year of payment with the principal portion being credited to Investment in Fixed Assets.

Library holdings are capitalized at March 31, 1989 based on an evaluation determined as the sum of the following:

1. The volumes on hand at March 31, 1968 at an average price of net volumes added during 1968-69.
2. Total acquisition expenditures from April 1, 1968 to March 31, 1989.
3. A deduction for the value of volumes withdrawn at the weighted average price of volumes added from April 1, 1968 to March 31, 1975.
4. The current value of manuscripts and rare books.

The remaining fixed assets are capitalized at cost except for furnishings and equipment items purchased prior to April 1, 1975, which were capitalized at appraised values totalling $45,773,513. Certain of these appraised assets are recorded in the University's Capital Equipment Inventory. An initial reduction of $21,000,165 was made against Fixed Assets and Investment in Fixed Assets in the previous fiscal year for items valued at less than $500.00 (current policy on Capitalization of Fixed Assets), vehicles no longer on hand, library collections, computer equipment no longer on hand or obsolete and miscellaneous consumables. During the current fiscal year a further reduction of $8,257,783 has been made. The remaining appraised value of $16,515,565 will be reduced over the next two years to an amount conforming to the current capitalization policy.

m. Pension Costs

The allocation of pension costs is based on the contribution required of the University under the University of Manitoba Pension Plans.

2. CONTRACTUAL COMMITMENTS

Contractual commitments relating to construction in progress amounts to $69,952 (1988 NIL).

3. CAPITAL PURPOSE FUND

The negative balance of $1,298,965 (1988, $170,264) in the Capital Purpose Fund Account represents new building construction costs incurred in excess of contributions received to March 31, 1989. The funding for these costs will be met from future contributions from the University's Development Fund Campaign (Drive for Excellence).

4. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970) and the University of Manitoba GFT Pension Plan (1986) under the terms of an agreement with the University of Manitoba Pension Plan Trustees. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements, which do not form part of the University's financial statements.

University of Manitoba Pension Plan (1970):

The University matches the regular pension contributions made by employees to the University of Manitoba Pension Plan (1970). These contributions together with the investment income earned on the contributions are applied on retirement to provide an annuity referred to as a money purchase pension. The plan guarantees a minimum pension based on an approved formula encompassing the average of the members best five years basic salary and years of service. To the extent that a member's money purchase pension is less than the guaranteed amount, the member will receive a supplementary pension, funded by the University General Contribution account, in accordance with the requirements of the regulations under the Pension Benefits Act of Manitoba, to increase the pension to the required level.

University of Manitoba GFT Pension Plan (1986):

The University is the sole contributor to the University of Manitoba GFT Pension Plan (1986). The contributions and interest earned are applied on retirement to provide a money purchase pension for geographical full-time staff of the Faculty of Medicine.

An actual valuation of the University of Manitoba Pension Plans was completed during 1988 as of December 31, 1987. The valuation reported that the plans based on then current provisions, were fully funded with no requirement for special payments.

The University's cost of contributions to the Plans for the 1988-89 fiscal year was $7,140,613 (1988, $6,975,975).

5. INVESTMENT IN SUBSIDIARY COMPANIES

University of Manitoba Research Ltd:

University of Manitoba Research Ltd., incorporated under the Manitoba Corporations Act, is a wholly-owned subsidiary of the University. University of Manitoba Research and Development Corporation is a wholly-owned subsidiary of University of Manitoba Research Ltd. The mandate for the companies is as follows:

> To provide a convenient mechanism for co-operation between University researchers and the external community.
>
> To provide a broader base for the development of University contract research and services for the community.
>
> To protect and to capitalize on the University of Manitoba's investment in its intellectual property.
>
> To provide a source of income to further University of Manitoba research.
>
> To promote the exploitation of University innovations through licensing and/or production activities.

The Social Sciences Division of University of Manitoba Research Ltd. ceased operations on August 31, 1988.

As at March 31, 1989 the University of Manitoba forgave the company an amount due to the University of $141,850. This amount was owed to the University pursuant to payroll costs provided for the period May 23, 1988 to February 28, 1989.

The University accounts for its investment in accordance with a modification of the equity method by which investments in, and only dividends received or receivable are recorded and reflected in the Statement of Changes in Fund Balances.

The investment and related equity account in University of Manitoba Research Ltd. and University of Manitoba Research and Development Ltd. are summarized as follows:

	1989	1988
Investment Account		
— Shares purchased	$ 200	$ 200
— Contributed surplus	100,000	100,000
— Consolidated deficit	(34,895)	(52,073)
Current value of investment in shares	$ 65,305	$ 48,127
Equity Account	$ 65,305	$ 48,127

University of Manitoba Research and Development Corporation

University of Manitoba Research & Development Corporation was inoperative during the 1988-89 fiscal year.

6. LOAN GUARANTEE

The University of Manitoba under a letter of Guarantee issued to the Canadian Imperial Bank of Commerce undertook to see that a loan made to the University of Manitoba Faculty Club will be repaid by the Faculty Club within a specified time period. The outstanding balance of this loan as at March 31, 1989 is $29,500 (1988, $47,500).

7. DEMAND LOAN

Pursuant to the University of Manitoba Act, the Government of the Province of Manitoba by order of the Lieutenant Governor-in-Council number 1177/85 authorized the University of Manitoba to borrow funds for bridge financing of the Management/Transport Institute Building up to a maximum of $3,000,000.

The amount borrowed of $1,690,000 as at March 31, 1988 has been repaid in full as at March 31, 1989.

8. SPECIAL EQUIPMENT REPLACEMENT AND RECLAMATION PROJECTS

During the year ended March 31, 1987, pursuant to the provisions of "The Loan Act, 1986(2)" and "The Financial Administration Act" the Minister of Finance of the Government of the Province of Manitoba was authorized, by Order-in-Council number 1234/86, to borrow an amount that would realize $10,000,000 through the issue and sale of treasury bills of the Province of Manitoba. The amount raised by the issue and sale of the treasury bills is to be expended for the purpose of making advances to the University of Manitoba as and when required for special equipment purchases and reclamation projects.

At March 31, 1988 the Universities Grants Commission provided a grant to the University to partially retire the principal and interest on the advances made by the Province of Manitoba. Additional funding was also made available from the University of Manitoba Sinking Fund to retire the balance of $8,250,000 advanced to that date.

Subsequently a further $1,750,000 was advanced to the University by the Province. To retire these advances in full, funding was made available from the University of Manitoba Sinking Fund.

9. COMPUTER SERVICE NETWORK

The Universities Grants Commission paid $464,750 (1988, $427,073) to the University of Manitoba to provide computer services to Brandon University, University of Winnipeg, College Universitaire de Saint Boniface and the Community College section of the Department of Education.

10. LITIGATION

The University of Manitoba is named as a defendant in litigation where action has commenced or is anticipated. The University's solicitors have reported that there are no significant contingent liabilities arising from these actions.

11. PROPERTY TAXES

Property taxes are not shown in the accounts of the University, as The University of Manitoba Act provided that such property is not subject to taxation. The Government of the Province of Manitoba provided the City of Winnipeg and other municipalities with grants in lieu of taxes of $9,698,073 (1988, $9,022,370).

12. PLEDGES RECEIVABLE

The estimated realizable value of pledges outstanding at March 31, 1989 from the University's Development Fund Campaign (Drive for Excellence) is $18,135,972 (1988, $13,456,400.) These pledges are expected to be honored during the subsequent 10 year period.

13. COMPARATIVE INFORMATION

Comparative figures for the year ended March 31, 1988, have been restated where necessary to conform with the presentation adopted for March 31, 1989.

SCHEDULES

Schedule 1 **Cash and Bank, Less Outstanding Cheques**

	March 31, 1989	*March 31, 1988*
General Account:		
Cash on Hand	$ 61,405	$ 52,465
The Scotiabank — General Accounts	2,472,921	(230,165)
The Scotiabank — Debenture Coupons Account		3,024
The Canadian Imperial Bank of Commerce — Holdback Accounts		147,581
	2,534,326	(27,095)
Trust Account:		
Cash on Hand	1,271	1,271
The Royal Bank of Canada	14,647,197	6,975,811
Statement A	$ 17,182,794	$ 6,949,987

Schedule 2 **Investments**

	Par Value	*Market Value*	*March 31, 1989 Book Value*	*March 31, 1988 Book Value*
Bonds and Debentures:				
Government of Canada	$ 2,876,500	$ 2,969,999	$ 2,877,143	$ 4,396,696
Provincial:				
Province of Manitoba	1,332,000	1,317,528	1,297,454	1,297,454
Other	2,723,000	2,650,210	2,720,213	3,260,513
Provincial Guaranteed:				
Province of Manitoba	6,412,000	5,537,260	4,837,376	4,838,591
Other	9,256,000	9,088,393	9,329,906	7,352,875
Municipal	150,000	152,130	150,000	155,000
Other	3,351,000	3,187,847	3,348,932	3,461,556
	26,100,500	24,903,367	24,561,024	24,762,685
Savings Certificates, Term Deposits and Treasury Bills	20,328,595	20,329,946	20,328,594	22,170,945
Total Investments	$ 46,429,095	$ 45,233,313	$ 44,889,618	$ 46,933,630
Held For:				
General Purposes, Statement A	$ 20,105,520	$ 20,105,520	$ 20,105,520	$ 21,714,870
Specific Purposes, Statement A	17,949,575	17,679,956	18,025,656	18,459,102
Retirement of Debentures, Statement A	8,374,000	7,447,837	6,758,442	6,759,658
	$ 46,429,095	$ 45,233,313	$ 44,889,618	$ 46,933,630

Schedule 3 Receivable from the Universities Grants Commission

	March 31, 1989	*March 31, 1988*
Major Capital Projects	$ 346,663	$ 328,183
Operating	120,000	
Statement A	$ 466,663	$ 328,183

Schedule 4 Accounts Receivable — General

Loans to Students and Staff	$ 82,371	$ 76,174
Government Agencies and Hospitals	4,473,575	3,895,411
Book Store Receivables	223,569	100,949
Accountable Advances	144,714	108,207
Payroll Recoveries	74,952	41,782
Miscellaneous	1,582,201	2,255,719
Statement A	$ 6,581,382	$ 6,478,242

Schedule 5 Inventories

Ancillary Enterprises:		
Book Store	$ 1,855,533	$ 1,680,551
Food Services	209,698	215,555
Stores	149,541	146,405
Departmental:		
Commercial Dairy	42,772	25,647
Pharmacy	61,555	59,399
Printing and Publication Services	44,622	31,793
U of M Press	98,259	98,201
Statement A	$ 2,461,980	$ 2,257,551

Schedule 6 Capital Expenditure on Buildings and Sites

	March 31, 1989	*March 31, 1988*
Agriculture Buildings	$ 78,087	$ 78,087
Architecture Building	86,836	86,836
Arts Buildings	57,532	57,532
Bison Building	53,838	53,838
Dentistry Building (Including Land)	2,624,260	2,624,260
Glenlea Research Station (Including Land)	985,961	985,961
Management/Transport Building	14,061,016	14,087,315
Medicine Buildings (Including Land)	13,655,526	13,655,526
Physical Education Buildings	7,722,878	7,722,878
Science Buildings	94,666	94,666
University Centre Building	7,352,702	7,352,702
Other Buildings	337,056	365,301
Statement A	$ 47,110,358	$ 47,164,902

Schedule 7 Construction in Progress

Dentistry Building	$ 39,956
Downtown Centre	29,050
Max Bell Building Link	552
University Hall	79,709
Statement A	$ 149,267

Schedule 8 **Accounts Payable**	*March 31, 1989*	*March 31, 1988*
General	$ 7,196,194	$ 7,371,097
Payroll Liabilities	6,655,201	6,225,371
Capital Projects	181,478	659,542
Province of Manitoba		
— Health and Post Secondary Education Tax Levy	348,760	484,838
— Sales Tax	206,717	116,742
Statement A	$ 14,588,350	$ 14,857,590

Schedule 9 **Deferred Income**		
Government of Canada Grant	$ 130,846	$ 353,073
Province of Manitoba Grant	908	32,408
Other Grant Advances	159,874	22,376
Insurance Claims and Miscellaneous	527,922	126,833
Statement A	$ 819,550	$ 534,690

Schedule 10 **Debentures Outstanding**	*Principal March 31, 1989*	*Outstanding March 31, 1988*
Guaranteed as to Principal and Interest by the Government of the Province of Manitoba:		
Debentures:		
5⅛% Series 1L Due June 1, and December 1, 1989-1994	$ 323,986	$ 369,050
5⅛% Series 1N Due June 1, and December 1, 1989-1994	454,469	517,683
5½% Series 1P Due December 15, 1995	3,000,000	3,000,000
5¾% Series 1Q Due February 15, 1992	5,000,000	5,000,000
7½% Series 1R Due April 15, 1988-2001	1,377,000	1,438,000
Statement A	$ 10,155,455	$ 10,324,733

Schedule 11 Changes to Research and Special Fund Accounts for the Years ended March 31, 1989 and March 31, 1988

	Balance March 31, 1988	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Balance March 31, 1989*
Sponsored or Assisted Research:					
Government of Canada:					
Social Sciences and Humanities Research Council	$ 407,735	$ 864,015	$ 741,154	$ 48,000	$ 578,596
Medical Research Council	1,037,178	9,281,467	9,320,451		998,194
Miscellaneous	1,889,041	3,388,645	3,268,567	(430,287)	1,578,832
National Health and Welfare	177,061	1,874,526	1,719,531	9,421	341,477
Natural Sciences and Engineering Research Council	2,930,244	9,259,388	8,722,239		3,467,393
	6,441,259	24,668,041	23,771,942	(372,866)	6,964,492
Province of Manitoba:					
Agriculture	107,833	875,500	893,298		90,035
Health Research Council	320,294	1,282,772	1,243,956		359,110
Miscellaneous	563,457	1,218,970	1,370,163	(41,873)	370,391
	991,584	3,377,242	3,507,417	(41,873)	819,536
Business and Industry	1,039,628	2,133,024	1,580,906	(90,910)	1,500,836
Foundations, Associations, Etc.	2,703,534	5,789,696	5,459,942	141,442	3,174,730
Individuals, Etc.	517,788	302,130	624,699	312,681	507,900
Manitoba Heart Foundation	482,327	1,513,959	1,574,476		421,810
National Cancer Institute of Canada	28,834	1,442,305	1,409,378		61,761
Special Projects	347,956	161,356	286,025	69,370	292,657
United States	749,906	1,958,099	1,762,672	(257,044)	688,289
	5,869,973	13,300,569	12,698,098	175,539	6,647,983
Sub-Total	13,302,816	41,345,852	39,977,457	(239,200)	14,432,011

Schedule 11 **Changes to Research and Special Fund Account for the years ended March 31, 1989 and March 31, 1988**

Page 2

	Balance March 31, 1988	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Balance March 31, 1989*
Special Funds:					
Government of Canada	$ 463,215	$ 7,512,893	$ 5,478,750	$ (354,737)	$ 2,142,621
	463,215	7,512,893	5,478,750	(354,737)	2,142,621
Province of Manitoba:					
Agriculture	(5,040)	283,508	279,263		(795)
Miscellaneous	214,671	8,314,838	8,119,433	(67,766)	342,310
	209,631	8,598,346	8,398,696	(67,766)	341,515
Business and Industry	4,186	429,558	413,040	(27,055)	(6,351)
Foundations, Associations, Etc.	320,054	806,076	629,582		496,548
Individuals, Etc.	2,832,669	2,286,682	2,307,646	(494,669)	2,317,036
Special Projects	809,346	965,818	856,890	(36,147)	882,127
	3,966,255	4,488,134	4,207,158	(557,871)	3,689,360
Subtotal	4,639,101	20,599,373	18,084,604	(980,374)	6,173,496
Scholarships, Bursaries and Prizes	36,944	755,888	720,781		72,051
	17,978,861	62,701,113	58,782,842	(1,219,574)	20,677,558
Disbursements Pending Receipt of Funds to Cover	956,476	65,344			1,021,820
		$ 62,766,457	$ 58,782,842	$ (1,219,574)	
Balance End of the Year, Statement B	$ 18,935,337				$ 21,699,378

Schedule 12 Changes to Specific Provisions Fund Account for the years ended March 31, 1989 and March 31, 1988

	Balance March 31, 1988	*Additions*	*Deductions*	*Balance March 31, 1989*
Ancillary Furniture & Equipment Replacement	$ 386,986	$ 519,904	$ 95,884	$ 811,006
Parking Lot Improvements	1,870,432	314,716	44,265	2,140,883
Copier & Word Processor Replacement	758,529	280,153	268,274	770,408
Vehicle & Other Equipment Replacement	95,570	102,714	62,050	136,234
Printing Services Equipment Replacement	15,459	28,000		43,459
Micro Teaching Equipment Replacement	68,061	50,089	47,873	70,277
Emergency Building Repairs	300,000		300,000	
Computer Equipment Replacement	560,000	457,258		1,017,258
Academic Development	530,000			530,000
Non-Insured Benefits	986,671	1,187,435	1,197,663	976,443
		2,940,269	2,016,009	
Balance End of Year, Statement B	$ 5,571,708			$ 6,495,968

Schedule 13 Changes to Capital Purpose Fund Account for the years ended March 31, 1989 and March 31, 1988

	1989	*1988*
Additions:		
Universities Grants Commission	$ 2,028,987	$ 2,762,722
U.M.S.U.		19,623
Corporations, Etc.		350
Physical Education Facility Fee		8,519
Unexpended Funds	552	
	2,029,449	2,791,214
Deductions:		
Repayment of Demand Loan	1,690,000	925,000
Major Capital Expenditures		
Management/Transport Building	(26,299)	2,049,781
Dentistry Building	39,956	
Downtown Centre	29,050	
Max Bell Building Link	552	
University Hall	79,709	
Geology Building	789,675	512,722
Ceramics Building	545,874	
Fitzgerald Building	617,589	
Library System Development	342,120	
Library Retro-Conversion	34,924	
Glenlea Equipment & Buildings	37,844	
University Centre Building		19,623
	4,180,994	3,507,126
Inter-Fund Transfers	1,022,844	554,517
Net Change in the Year	(1,128,701)	(161,395)
Balance Beginning of the Year	(170,264)	(8,869)
Balance End of the Year, Statement B	$ (1,298,965)	$ (170,264)

Schedule 14 Changes to Staff Benefits Fund for the years ended March 31, 1989 and March 31, 1988

	Benefit Improvement and Maintenance	*Self-Insured Income Disability Plan*	*Group Insurance Experience Refunds*	*Total*	
				1989	*1988*
Additions:					
Income Earned for Period, Net of Management and Administrative Service Fees	$ 248,043	$ 209,883	$ 473,668	$ 931,594	$ 518,582
Contributions	188,489	989,160		1,177,649	1,295,467
	436,532	1,199,043	473,668	2,109,243	1,814,049
Deductions:					
One-Half of the Post-Retirement Adjustments for Pensioners			230,911	230,911	211,740
Benefit Premium	154,708	141,146	9,958	305,812	287,992
Indemnity Payments		581,754		581,754	610,902
Experience Deficit			197,666	197,666	168,009
Great-West Life — L.T.D. Plan re: Unfunded Liability					73,533
	154,708	722,900	438,535	1,316,143	1,352,176
Net Change in the Year	281,824	476,143	35,133	793,100	461,873
Balance Beginning of the Year	3,091,967	3,025,435	6,251,526	12,368,928	11,907,055
Balance End of the Year, Statement B	$ 3,373,791	$ 3,501,578	$ 6,286,659	$ 13,162,028	$ 12,368,928

Schedule 15 Changes to Trust and Endowment Fund for the years ended March 31, 1989 and March 31, 1988

	Capital Accounts	*Current Accounts*	*Total*	
			1989	*1988*
Additions:				
Contributions	$ 6,269,120	$ 411,162	$ 6,680,282	$ 4,271,842
Investment Income	30,558	2,813,454	2,844,012	2,164,896
Income from Mines, Mineral Rights, etc.		25,939	25,939	32,116
Transfer to (from)	123,980	(123,980)		
	6,423,658	3,126,575	9,550,233	6,468,854
Deductions:				
Awards	64,665	326,445	391,110	352,628
Appropriated for Debenture Retirement		36,600	36,600	34,200
Benefit Premiums		62,802	62,802	328,564
Other	9,751	238,931	248,682	75,889
	74,416	664,778	739,194	791,281
Inter-Fund Transfers	(435,879)	(907,976)	(1,343,855)	(1,278,510)
Net Change in the Year	5,913,363	1,553,821	7,467,184	4,399,063
Balance Beginning of the Year	16,241,625	8,675,579	24,917,204	20,518,141
Balance End of the Year, Statement B	$ 22,154,988	$ 10,229,400	$ 32,384,388	$ 24,917,204

Schedule 16 Inter-Fund Transfers
for the years ended March 31, 1989 and March 31, 1988

	General Operating	*Research and Special*	*Capital Purpose*	*Trust and Endowment*
Scholarships, Bursaries and Prizes, etc.	$ 38,780	$	$	$ (38,780)
Chair of Icelandic Language and Literature	35,867			(35,867)
Chair in Women's Studies	8,265			(8,265)
The Ewart Chair of Constitutional Law	2,109			(2,109)
Development Fund Phone/Mail Campaign	138,948			(138,948)
MacLachlan Charitable Trust Fund	54,065			(54,065)
Interest and Miscellaneous Expenditures re: Debentures	63,422			(63,422)
Student Contributions to University Development Fund Campaign	(128,495)			128,495
				(212,961)
Contributions for Capital Purposes			1,022,844	(1,022,844)
Sponsored or Assisted Research		599,453		(599,453)
Special Funds		(491,403)		491,403
Overhead Recovery	1,327,624	(1,327,624)		
				(108,050)
March 31, 1989, Statement B	$ 1,540,585	$ (1,219,574)	$ 1,022,844	$ (1,343,855)
March 31, 1988	$ 1,315,825	$ (591,832)	$ 554,517	$ (1,278,510)

Schedule 17 Tuition and Related Fees

	March 31, 1989	*March 31, 1988*
Regular Session	$ 21,943,377	$ 20,000,097
Summer Session	1,731,115	1,722,307
Non-Credit Courses	2,033,558	1,788,353
Short Courses	680,191	527,479
Statement B	$ 26,388,241	$ 24,038,236

Schedule 18 Investment Income (General Fund)

Bank and Short-Term Investments	$ 2,767,533	$ 2,022,471
Sinking Fund Income for Retirement of Debentures	868,321	1,483,379
Statement B	$ 3,635,854	$ 3,505,850

Schedule 19 Overhead Recovery

Government of Canada	$	$ 84,514
International Business Machines	1,217	
Province of Saskatchewan	45,236	
Statement B	$ 46,453	$ 84,514

Schedule 20 Special Projects Income

Insurance Proceeds		$ 4,390
Statement B		$ 4,390

Schedule 21 Miscellaneous Income (General Fund)

Sale of Equipment	$ 62,509	$ 48,235
Miscellaneous	161,618	90,438
Rentals	14,416	13,829
Statement B	$ 238,543	$ 152,502

Schedule 22 Universities Grants Commission Grants (General Operating Fund Account)

General Operating	$139,847,870	$134,571,299
Special Advance		7,473,197
Renovation and Equipment	3,020,000	2,771,941
Debenture Interest and Financing	556,604	707,808
Capital Advance	620,748	620,748
Statement B	$144,045,222	$146,144,993

Schedule 23 Income and Expenditure, Ancillary Enterprises for the years ended March 31, 1989 and March 31, 1988

	Book Department	*Parking*	*Food Service*	*Residences*
Income	$ 12,533,418	$ 1,679,009	$ 5,756,663	$ 1,802,562
Expenditure:				
Salaries	1,416,185	82,340	2,202,173	911,471
Staff Benefits	129,343	9,386	171,210	88,446
Pay Tax Levy	31,992	1,882	49,857	20,550
Cost of Goods Sold	9,919,153		2,139,468	
Equipment, Alterations, Etc.	81,728	11,803	77,927	118,112
Supplies and Expense	649,879	1,296,465	1,127,899	577,648
	12,228,280	1,401,876	5,768,534	1,716,227
Net Income (Expenditure) Before Appropriations	305,138	277,133	(11,871)	86,335
Appropriated from (to) Specific Provisions	(291,044)	(252,468)	(14,741)	(86,335)
Net Income (Expenditure), 1989	$ 14,094	$ 24,665	$ (26,612)	
Net Income, 1988	$ 65,243	$ 24,504	$ (26,257)	$ 14,366

Total	
1989	*1988*
$ 21,771,652	$ 20,662,827
4,612,169	4,391,928
398,385	359,001
104,281	98,906
12,058,621	11,365,006
289,570	638,280
3,651,891	3,425,232
21,114,917	20,278,353
656,735	384,474
(644,588)	(306,618)
$ 12,147	
	$ 77,856

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Agriculture:						
General Operating						
Dean's Office	$ 263,971	$	$ 149,407	$ 39,553	$ 9,322	$ 117,626
Agricultural Economics	835,609	59,433	122,148	96,301	22,715	63,243
Agricultural Engineering	648,514	11,005	109,479	73,915	17,349	38,502
Animal Science	769,801	17,361	402,231	117,341	26,599	196,128
Canada Biting Fly Centre	41,718	40,460	12,735	9,174	2,087	308
Commercial Dairy		2,321	126,385	14,755	2,897	377,049
Entomology	353,146	3,599	68,338	41,737	9,405	18,451
Farm Management			662,783	70,749	14,870	306,713
Food Science	574,054	41,115	162,442	73,054	17,462	51,934
Glenlea Research Station			691	69	16	2,657
Horticulture	47,706	2,991	25,123	7,593	1,707	12,348
Plant Science	1,162,883	22,549	782,213	190,913	44,154	222,905
School of Agriculture	141,806		29,664	14,303	3,863	62,502
Soil Science	509,987	8,727	145,484	64,564	15,023	29,081
	5,349,195	209,561	2,799,123	814,021	187,469	1,499,447
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	529,046	1,741,281	1,143,646	243,660	60,023	1,330,822
Special Funds	405	37,015	204,929	19,900	5,028	188,336
	5,878,646	1,987,857	4,147,698	1,077,581	252,520	3,018,605
Architecture:						
General Operating						
Dean's Office	89,727		56,106	13,716	3,339	14,757
General Faculty	153,293	13,530	139,071	28,196	6,601	96,393
Architecture	576,846			51,197	13,004	29,806
City Planning	279,767	353		25,018	6,188	14,396
Environmental Studies	675,771	810	324	60,761	15,183	22,417
Interior Design	619,055	3,995		56,657	14,028	48,289
Landscape Architecture	277,809			24,560	6,116	19,354
	2,672,268	18,688	195,501	260,105	64,459	245,412
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		7,793		245	106	10,793
Special Funds						14,264
	2,672,268	26,481	195,501	260,350	64,565	270,469

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1989	March 31, 1988	% Increase (Decrease)
$ 68,204	$ 648,083	$	$ 77,057	$ 571,026	$ 557,774	
10,446	1,209,895			1,209,895	1,171,421	
41,193	939,957		300	939,657	929,138	
20,379	1,549,840		75,763	1,474,077	1,372,038	
	106,482		105,051	1,431	4,792	
51,205	574,612	458,766	96,291	19,555	(25,966)	
6,312	500,988			500,988	482,102	
36,259	1,091,374	81,554	379,901	629,919	619,581	
1,152	921,213			921,213	931,140	
	3,433			3,433	15,921	
	97,468			97,468	99,896	
39,055	2,464,672			2,464,672	2,345,552	
3,249	255,387		24,329	231,058	300,863	
99	772,965			772,965	753,732	
277,553	11,136,369	540,320	758,692	9,837,357	9,557,984	2.9%
59,749	59,749			59,749	60,335	
					153,428	
655,923	5,704,401			5,704,401	5,878,576	
123,061	578,674			578,674	319,157	
1,116,286	17,479,193	540,320	758,692	16,180,181	15,969,480	1.3%
	177,645		18,841	158,804	162,929	
3,096	440,180			440,180	486,493	
447	671,300			671,300	643,459	
607	326,329			326,329	330,727	
26	775,292		7,834	767,458	731,914	
202	742,226		20,990	721,236	654,400	
2,417	330,256		900	329,356	313,785	
6,795	3,463,228		48,565	3,414,663	3,323,707	2.7%
19,885	19,885			19,885	20,086	
					5,930	
	18,937			18,937	15,581	
	14,264			14,264	459	
26,680	3,516,314		48,565	3,467,749	3,365,763	3.0%

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Arts:						
General Operating						
Dean's Office	$ 235,274	$	$ 371,520	$ 60,411	$ 13,749	$ 107,399
General Faculty	637,279	38,417	250,057	59,170	20,185	243,797
Anthropology	998,014	49,894	74,285	106,083	25,320	69,441
Classics	198,563	6,078	18,887	21,622	5,038	8,472
Economics	1,417,852	92,539	67,528	143,634	35,194	47,654
English	1,861,791	119,840	73,941	199,625	45,966	51,723
French and Spanish	1,010,678	28,969	38,505	101,033	23,822	37,174
Geography	994,218	48,279	131,868	107,072	26,335	53,129
German	327,516	6,652	21,368	31,520	8,038	10,512
History	1,779,936	66,111	65,810	177,276	43,002	48,712
Icelandic Language and Literature	60,408	943		8,062	1,384	72,907
Judaic Studies	154,082	3,532	7,594	15,917	3,668	10,145
Modern Language Division		12,736	50,782	5,687	1,429	3,110
Native Studies	119,925	13,105	20,322	14,941	3,499	59,595
Philosophy	715,496	19,670	25,976	70,711	17,206	34,671
Political Studies	834,962	48,974	43,965	86,655	20,827	28,293
Professional and Applied Ethics						7,215
Psychology	2,541,578	126,632	244,043	252,972	65,585	154,910
Psycology Service Centre	232,696	10,042	47,521	28,201	6,521	36,282
Religious Studies	381,763	16,274	22,304	37,137	9,482	21,071
Slavic Studies	242,186	17,589	10,021	25,513	6,056	13,792
Sociology	1,549,693	79,981	92,771	160,074	38,923	54,875
Women's Studies		4,500			101	2,565
	16,293,910	810,757	1,679,068	1,713,316	421,330	1,177,444
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	285,467	338,444	70,012	39,514	11,739	266,460
Special Funds	43,597	9,330	9,085	3,685	1,584	51,368
	16,622,974	1,158,531	1,758,165	1,756,515	434,653	1,495,272
Centre for Ukrainian Canadian Studies:						
General Operating						
Director's Office	31,462	12,250	9,654	2,590	1,216	1,205
	31,462	12,250	9,654	2,590	1,216	1,205
Research	3,846	1,600	600	268	123	9,101
Special Funds			506	24	11	1,060
	35,308	13,850	10,760	2,882	1,350	11,366

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1989	March 31, 1988	% Increase (Decrease)
$ 2,698	$ 791,051		$ 657	$ 790,394	$ 742,628	
56,711	1,305,616		71,235	1,234,381	1,112,111	
6,064	1,329,101			1,329,101	1,142,733	
550	259,210			259,210	244,011	
3,532	1,807,933			1,807,933	1,744,579	
14,972	2,367,858			2,367,858	2,332,567	
681	1,240,862			1,240,862	1,256,075	
10,078	1,370,979			1,370,979	1,323,316	
	405,606			405,606	389,750	
2,080	2,182,927			2,182,927	2,059,035	
80	143,784			143,784	99,536	
3,079	198,017			198,017	202,754	
100	73,844			73,844	71,240	
	231,387			231,387	242,255	
428	884,158			884,158	823,553	
8,203	1,071,879			1,071,879	1,033,954	
	7,215			7,215	6,712	
36,953	3,422,673			3,422,673	3,360,046	
	361,263		6,528	354,735	370,158	
15,027	503,058			503,058	452,330	
	315,157			315,157	274,675	
7,852	1,984,169			1,984,169	1,858,532	
	7,166			7,166	5,413	
169,088	22,264,913		78,420	22,186,493	21,147,963	4.9%
40,113	40,113			40,113	60,593	
					200,090	
28,431	1,040,067			1,040,067	914,240	
23,640	142,289			142,289	97,649	
261,272	23,487,382		78,420	23,408,962	22,420,535	4.4%
	58,377			58,377	61,376	
	58,377			58,377	61,376	(4.9%)
	15,538			15,538	4,007	
	1,601			1,601	1,450	
	75,516			75,516	66,833	13.0%

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Continuing Education Division:						
General Operating						
Director's Office	$ 866,452	$	$ 803,387	$ 167,590	$ 37,866	$ 198,598
Non Credit Granting Courses	366,651	77,440	59,436	24,379	11,010	999,331
Summer School & Evening Credit Granting Courses	692,612	405,607	51,391	41,997	25,632	374,532
	1,925,715	483,047	914,214	233,966	74,508	1,572,461
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	7,000	11,000		736	405	21,238
Special Funds	370,182	30,939	226,631	49,030	12,899	1,537,089
	2,302,897	524,986	1,140,845	283,732	87,812	3,130,788
Dentistry:						
General Operating						
Dean's Office	149,881		84,597	19,994	5,233	4,481
General Faculty	133,076	14,615	192,868	31,013	7,394	224,775
Anatomy Section	144,315		72,093	22,192	4,810	5,865
Continuing Education	1,741		42,175	3,606	988	52,860
General Clinic	5,751	300	361,982	37,812	8,375	296,115
Medical Microbiology	47,353		11,151	5,517	1,319	2,564
Mobile Van						7,738
Oral Biology	753,167	20,000	75,457	78,250	19,284	22,777
Pharmacology	82,762			7,159	1,867	1,533
Preventive Dental Science	387,436	9,342	133,923	47,847	11,901	27,716
Private Practice Area			18,237	2,092	413	1,010
Rehabilitative Dental Science	791,542	66,142	87,277	79,206	21,343	21,979
School of Dental Hygiene	149,610	38,755	19,094	20,388	4,673	8,309
Stomotology	554,232	15,331	110,741	65,616	15,439	24,907
	3,200,866	164,485	1,209,595	420,692	103,039	702,629
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		126,885	185,773	20,541	4,487	297,276
Special Funds	166,707	24,907	159,640	31,166	7,523	1,556,486
	3,367,573	316,277	1,555,008	472,399	115,049	2,556,391
Education:						
General Operating						
Dean's Office	223,363		354,204	59,958	13,028	23,906
General Faculty	275,413	282,688	44,725	29,296	13,490	274,233
Canadian Biographical Series						
Cash Flow	19,852			1,007	447	4,435
Curriculum: Humanities and Social Sciences	1,014,535	5,769	24,193	89,385	23,574	81,173
Curriculum: Mathematics and Natural Sciences	1,024,944	17,826	30,274	97,923	23,664	21,868
Educational Administration	516,378	3,368	22,304	57,440	12,340	13,795
Educational Psychology	617,959	3,919	22,519	62,585	14,258	15,142
	3,692,444	313,570	498,219	397,594	100,801	434,552
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		3,120	2,477	287	100	14,473
Special Funds	316,990	19,187	239,111	41,516	12,951	805,496
	4,009,434	335,877	739,807	439,397	113,852	1,254,521

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 60,044	$ 2,133,937	$ 69,279	$ 31,405	$ 2,033,253	$ 1,620,946	
6,898	1,545,145			1,545,145	1,425,005	
8,070	1,599,841		126,819	1,473,022	1,586,428	
75,012	5,278,923	69,279	158,224	5,051,420	4,632,379	9.0%
11,037	11,037			11,037	15,000	
					5,030	
1,370	41,749			41,749	60,893	
2,222	2,228,992			2,228,992	2,284,380	
89,641	7,560,701	69,279	158,224	7,333,198	6,997,682	4.8%
428	264,614			264,614	285,817	
10,712	614,453		38,558	575,895	786,092	
321	249,596			249,596	283,055	
378	101,748			101,748	115,023	
6,229	716,564		504,192	212,372	164,005	
	67,904			67,904	64,644	
	7,738		52,218	(44,480)	(29,063)	
347	969,282			969,282	1,008,742	
	93,321			93,321	89,938	
162	618,327			618,327	577,365	
	21,752		3,513	18,239	14,251	
467	1,067,956			1,067,956	1,029,839	
	240,829			240,829	221,716	
187	786,453			786,453	624,717	
19,231	5,820,537		598,481	5,222,056	5,236,141	(0.3%)
41,170	41,170			41,170	41,366	
					198,660	
113,284	748,246			748,246	517,961	
39,085	1,985,514			1,985,514	2,095,851	
212,770	8,595,467		598,481	7,996,986	8,089,979	(1.1%)
424	674,883			674,883	625,092	
54,370	974,215		27,581	946,634	964,884	
					1,544	
	25,741			25,741	8,499	
9,708	1,248,337			1,248,337	1,215,080	
4,854	1,221,353			1,221,353	1,159,908	
7,089	632,714		3,330	629,384	778,102	
4,530	740,912		5,852	735,060	667,484	
80,975	5,518,155		36,763	5,481,392	5,420,593	1.1%
10,415	10,415			10,415	4,722	
					5,198	
1,125	21,582			21,582	54,261	
10,677	1,445,928			1,445,928	1,548,560	
103,192	6,996,080		36,763	6,959,317	7,033,334	(1.1%)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Engineering:						
General Operating						
Dean's Office	$ 178,815	$ 25,883	$ 111,582	$ 28,342	$ 6,986	$ 168,812
Civil Engineering	1,248,025	120,052	398,031	163,220	39,589	154,294
Electrical Engineering	1,539,317	147,899	462,728	210,761	48,873	173,258
Geological Engineering	195,866		58,150	22,403	5,744	107,823
Mechanical Engineering	1,288,765	132,276	536,420	186,300	44,166	119,266
	4,450,788	426,110	1,566,911	611,026	145,358	723,453
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	140,876	1,162,685	72,770	22,792	7,589	932,325
Special Funds	283,079	40,478	91,047	37,992	9,357	564,122
	4,874,743	1,629,273	1,730,728	671,810	162,304	2,219,900
Fine Arts:						
General Operating						
Director's Office	1,116,229	186	136,986	117,336	28,261	163,142
	1,116,229	186	136,986	117,336	28,261	163,142
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		600				16,644
Special Funds						26,682
	1,116,229	786	136,986	117,336	28,261	206,468
Graduate Studies:						
General Operating						
Dean's Office	144,941	1,053,251	145,151	27,534	6,630	73,080
	144,941	1,053,251	145,151	27,534	6,630	73,080
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	6,861	209,413	8,682	1,817	593	3,460
	151,802	1,262,664	153,833	29,351	7,223	76,540
Human Ecology:						
General Operating						
Dean's Office	67,474		26,837	9,054	2,285	11,811
General Faculty	4,000	7,073	77,423	8,942	1,996	52,274
Clothing and Textiles	365,977	31,597	87,157	42,555	10,756	20,522
Family Studies	398,761	52,121	46,251	43,903	10,992	18,781
Foods and Nutrition	565,068	22,355	74,130	64,249	14,830	33,396
	1,401,280	113,146	311,798	168,703	40,859	136,784
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	4,500	110,105	52,272	8,900	2,672	73,521
Special Funds		890		46	20	3,030
	1,405,780	224,141	364,070	177,649	43,551	213,335

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1989	March 31, 1988	% Increase (Decrease)
46,923	$ 567,343	$	$ 87,590	$ 479,753	$ 480,365	
25,420	2,148,631		28,066	2,120,565	2,017,779	
42,736	2,625,572		3,974	2,621,598	2,539,919	
856	390,842		960	389,882	325,389	
12,094	2,319,287	3,000	17,779	2,298,508	2,296,814	
128,029	8,051,675	3,000	138,369	7,910,306	7,660,266	3.3%
123,974	123,974			123,974	140,183	
					257,624	
601,483	2,940,520			2,940,520	2,485,913	
34,790	1,060,865			1,060,865	1,158,639	
888,276	12,177,034	3,000	138,369	12,035,665	11,702,625	2.8%
1,738	1,563,878	1,800	39,317	1,522,761	1,495,395	
1,738	1,563,878	1,800	39,317	1,522,761	1,495,395	1.8%
25,793	25,793			25,793	16,328	
					15,015	
	17,244			17,244	16,057	
	26,682			26,682	9,660	
27,531	1,633,597	1,800	39,317	1,592,480	1,552,455	2.6%
1,351	1,451,938		26,986	1,424,952	1,231,306	
1,351	1,451,938		26,986	1,424,952	1,231,306	15.7%
9,000	9,000			9,000	4,763	
					4,805	
64	230,890			230,890	293,584	
10,415	1,691,828		26,986	1,664,842	1,534,458	8.5%
	117,461		7,030	110,431	122,536	
9,495	161,203		4,500	156,703	153,611	
6,792	565,356		42,911	522,445	508,424	
940	571,749			571,749	556,910	
164	774,192		11,438	762,754	709,838	
17,391	2,189,961		65,879	2,124,082	2,051,319	3.5%
24,997	24,997			24,997	20,000	
					62,489	
22,031	274,001			274,001	302,532	
	3,986			3,986	111	
64,419	2,492,945		65,879	2,427,066	2,436,451	(0.4%)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Law:						
General Operating						
Dean's Office	$ 87,047	$	$ 61,427	$ 13,635	$ 3,248	$ 165,716
General Faculty	1,390,432	4,234	151,476	142,644	35,003	5,783
	1,477,479	4,234	212,903	156,279	38,251	171,499
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		36,175	479	1,602	787	19,136
Special Funds			11,448	586	258	11,370
	1,477,479	40,409	224,830	158,467	39,296	202,005
Management:						
General Operating						
Dean's Office	224,088		44,552	23,698	6,118	66,177
General Faculty		5,110	251,965	24,896	5,782	232,675
Accounting and Finance	975,709	10,918	39,557	95,266	22,975	31,880
Actuarial and Business Mathematics	556,111	10,443	22,347	52,838	13,298	7,574
Business Administration	894,694	24,099	40,170	87,773	21,681	23,863
Marketing	493,852	5,694	22,587	46,611	11,814	12,903
Public Policy	287,412	11,313	35,374	29,419	7,571	4,040
	3,431,866	67,577	456,553	360,501	89,239	379,112
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	45,460	23,876	155,058	19,314	4,542	129,802
Special Funds		8,862	11,175	1,002	443	113,338
	3,477,326	100,315	622,786	380,817	94,224	622,252

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 7,323	$ 338,396		$ 48,732	$ 289,664	$ 462,785	
2,391	1,731,963			1,731,963	1,476,191	
9,714	2,070,359		48,732	2,021,627	1,938,976	4.3%
2,481	2,481			2,481	2,737	
					5,110	
530	58,709			58,709	47,389	
1,846	25,508			25,508	21,960	
14,571	2,157,057		48,732	2,108,325	2,016,172	4.6%
	364,633			364,633	265,807	
19,227	539,656		10,542	529,114	643,042	
	1,176,305			1,176,305	1,200,067	
	662,611			662,611	700,987	
	1,092,280			1,092,280	1,062,314	
	593,461			593,461	550,009	
1,892	377,021			377,021	393,002	
21,119	4,805,967		10,542	4,795,425	4,815,228	(0.4%)
10,000	10,000			10,000	10,001	
					5,000	
24,508	402,560			402,560	421,706	
	134,820			134,820	195,478	
55,627	5,353,347		10,542	5,342,805	5,447,413	(1.9%)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Medicine:						
General Operating						
Dean's Office	$ 247,541	$	$ 277,276	$ 44,251	$ 11,833	$ 56,583
General Faculty	269,454	71,434	142,286	36,493	10,695	399,696
Anaesthetics	393,487		75,168	43,834	9,748	20,912
Anatomy	616,625	4,121	188,500	79,968	18,256	67,061
Biochemistry	632,326	93	87,388	67,339	16,788	35,956
Central Animal Care			469,657	48,620	10,525	596,325
Community Health Sciences	724,515		85,143	70,236	17,749	108,100
Computer Operating and Rentals			57,161	6,254	1,287	21,521
Continuing Medical Education	54,604		76,228	12,855	2,914	60,533
Educational Development			203,384	22,491	4,585	3,274
Family Practice Unit	279,648		124,383	46,687	9,107	46,641
Human Genetics	180,246		82,375	24,001	5,956	96,682
Immunology	372,073		110,437	48,995	11,562	43,391
Internal Medicine	2,252,322	4,410	262,571	302,220	57,573	91,309
Microbiology	473,244	35,000	203,037	68,044	16,038	56,852
Obstetrics and Gynaecology	444,075	37,986	96,513	54,571	13,869	33,313
Opthalmology	9,419	66		337	213	2,949
Otolaryngology	98,694		28,406	13,237	2,911	6,420
Paediatrics	830,080		62,395	99,405	21,589	42,918
Pathology	519,188		82,644	42,715	13,717	41,974
Pharmacology	752,372		109,654	77,559	20,758	42,323
Physiology	919,697		214,287	109,254	27,863	87,250
Psychiatry	505,743		70,037	41,271	12,968	82,630
Radiology	145,739		23,897	7,916	3,819	1,162
School of Medical Rehabilitation	629,974	27,151	83,703	74,385	16,764	89,537
Statistics Division			87,268	9,109	1,967	3,566
Surgery	921,469		177,641	138,971	25,257	88,443
	12,272,535	180,261	3,481,439	1,591,018	366,311	2,227,321
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	1,898,294	3,877,546	6,139,964	888,094	208,803	5,806,929
Special Funds	408,193	2,155,316	632,682	226,595	65,769	2,013,697
	14,579,022	6,213,123	10,254,085	2,705,707	640,883	10,047,947
Music:						
General Operating						
Director's Office	859,474	327,836	51,088	93,213	28,046	102,990
	859,474	327,836	51,088	93,213	28,046	102,990
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research						
Special Funds						
	859,474	327,836	51,088	93,213	28,046	102,990

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1989	March 31, 1988	% Increase (Decrease)
$	$ 637,484	$	$	$ 637,484	$ 559,044	
59,502	989,560	20,015	143,354	826,191	901,430	
2,311	545,460			545,460	521,477	
6,595	981,126		56,755	924,371	943,581	
46,594	886,484			886,484	866,831	
7,493	1,132,620	44,993	859,950	227,677	234,911	
16,877	1,022,620		281,129	741,491	674,605	
13,223	99,446	9,208	13,269	76,969	81,488	
85	207,219			207,219	156,046	
	233,734			233,734	213,319	
10,923	517,389			517,389	450,065	
12,989	402,249		93,115	309,134	274,071	
289	586,747			586,747	568,228	
427	2,970,832			2,970,832	2,800,133	
22,102	874,317			874,317	775,691	
6,980	687,307			687,307	661,735	
3,373	16,357			16,357	9,819	
109	149,777			149,777	146,712	
9	1,056,396			1,056,396	1,000,474	
964	701,202			701,202	687,154	
11,534	1,014,200		20,000	994,200	978,282	
4,904	1,363,255		15,798	1,347,457	1,225,904	
26,156	738,805			738,805	740,142	
	182,533			182,533	141,844	
55,673	977,187		230	976,957	876,965	
	101,910	1,858	42,386	57,666	45,796	
3,085	1,354,866			1,354,866	1,317,597	
312,197	20,431,082	76,074	1,525,986	18,829,022	17,853,344	5.5%
96,530	96,530			96,530	101,386	
688	688			688	376,349	
1,793,748	20,613,378			20,613,378	19,036,156	
334,833	5,837,085			5,837,085	5,994,759	
2,537,996	46,978,763	76,074	1,525,986	45,376,703	43,361,994	4.6%
55,111	1,517,758	3,950	3,260	1,510,548	1,476,991	
55,111	1,517,758	3,950	3,260	1,510,548	1,476,991	2.3%
4,649	4,649			4,649	4,183	
					108,963	
102	102			102	32,196	
					4	
59,862	1,522,509	3,950	3,260	1,515,299	1,622,337	(6.6%)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Natural Resource Institute:						
General Operating						
Director's Office	$ 183,532	$ 3,000	$ 22,096	$ 19,229	$ 4,738	$ 23,128
	183,532	3,000	22,096	19,229	4,738	23,128
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		49,755	25,241	4,738	1,094	44,311
Special Funds		1,456				3,081
	183,532	54,211	47,337	23,967	5,832	70,520
Nursing Education:						
General Operating						
Director's Office	1,117,783	62,442	167,739	124,176	30,432	263,593
Special Nursing Program	185,997	49,178	78,134	26,266	7,070	60,344
	1,303,780	111,620	245,873	150,442	37,502	323,937
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Rsearch		21,575	37,659	3,359	952	46,066
Special Funds			10,709	19	8	2,179
	1,303,780	133,195	294,241	153,820	38,462	372,182
Pharmacy:						
General Operating						
Dean's Office	636,168	9,091	99,133	65,393	16,576	100,265
	636,168	9,091	99,133	65,393	16,576	100,265
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	18,948	54,933	20,147	6,972	1,834	84,235
Special Funds			20,900	1,553	470	4,059
	655,116	64,024	140,180	73,918	18,880	188,559
Physical Education:						
General Operating						
Dean's Office	849,561	18,665	106,065	94,433	22,020	133,113
Sports Institute	35,682			3,633	804	14,690
	885,243	18,665	106,065	98,066	22,824	147,803
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research		7,049	5,354	519	308	22,380
Special Funds	36,130	2,537	8,196	4,107	969	118,502
	921,373	28,251	119,615	102,692	24,101	288,685

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1989	March 31, 1988	% Increase (Decrease)
$ 795	$ 256,518		$	$ 256,518	$ 273,859	
795	256,518			256,518	273,859	(6.3%)
2,984	2,984			2,984	2,467	
					3,420	
	125,139			125,139	158,119	
	4,537			4,537		
3,779	389,178			389,178	437,865	(11.1%)
176,603	1,942,768			1,942,768	1,678,364	
10,942	417,931			417,931	414,698	
187,545	2,360,699			2,360,699	2,093,062	12.8%
7,923	7,923			7,923	8,115	
					5,129	
41,295	150,906			150,906	157,089	
	12,915			12,915		
236,763	2,532,443			2,532,443	2,263,395	11.9%
6,857	933,483			933,483	911,926	
6,857	933,483			933,483	911,926	2.4%
24,041	24,041			24,041	4,082	
					9,022	
4,181	191,250			191,250	141,950	
	26,982			26,982	10,752	
35,079	1,175,756			1,175,756	1,077,732	9.1%
5,738	1,229,595		330	1,229,265	1,195,547	
19,674	74,483			74,483	50,542	
25,412	1,304,078		330	1,303,748	1,246,089	4.6%
14,948	14,948			14,948	14,942	
					15,661	
3,191	38,801			38,801	43,482	
	170,441			170,441	239,351	
43,551	1,528,268		330	1,527,938	1,559,525	(2.0%)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Science:						
General Operating						
Dean's Office	$ 266,026	$	$ 90,753	$ 37,244	$ 8,120	$ 94,978
General Faculty	10,171	20	274,546	29,903	6,602	264,379
Applied Mathematics	621,766	31,475	30,562	61,569	15,047	25,947
Astronomy/Planetarium		4,692	41,852	4,277	1,048	16,014
Biological Sciences		59,403	63,929	7,638	2,780	13,964
Botany	767,711	16,629	155,494	87,417	21,104	57,182
Chemistry	1,580,505	158,742	353,433	192,006	47,862	151,094
Computer Science	1,585,666	55,187	95,432	170,373	40,123	208,898
Delta Research Station	27,918		93,688	11,547	2,716	56,620
Earth Sciences	905,385	45,729	284,682	118,730	28,028	86,944
Mathematics	1,811,569	55,896	73,354	173,514	44,237	43,959
Microbiology	711,756	40,524	136,333	80,882	19,398	79,817
Physics	1,473,490	75,669	466,382	200,625	48,209	129,805
Star Lake Field Station		3,998	3,952	397	194	14,142
Statistics	797,014	62,041	30,952	80,898	19,419	48,013
Zoology	1,183,645	73,419	226,320	140,206	35,842	65,822
	11,742,622	683,424	2,421,664	1,397,226	340,729	1,357,578
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	414,087	1,238,757	560,513	101,103	28,498	1,805,545
Special Funds	130,160	7,232	23,604	15,347	3,540	25,202
	12,286,869	1,929,413	3,005,781	1,513,676	372,767	3,188,325
Social Work:						
General Operating						
Director's Office	1,298,663	43,994	171,768	145,881	33,825	168,972
	1,298,663	43,994	171,768	145,881	33,825	168,972
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Research	22,479	128,320	62,394	11,008	4,267	148,503
Special Funds	585,728	74,850	152,588	73,581	17,116	1,532,782
	1,906,870	247,164	386,750	230,470	55,208	1,850,257
Undistributed Salary Anomalies and Merit:	291,000					
Total Academic:						
General Operating	74,661,460	5,054,753	16,734,802	8,844,131	2,151,971	11,732,214
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Total Operating	74,661,460	5,054,753	16,734,802	8,844,131	2,151,971	11,732,214
Research	3,376,864	9,150,912	8,543,041	1,375,469	338,922	11,083,020
Special Funds	2,341,171	2,412,999	1,802,251	506,149	137,946	8,572,143
	$ 80,379,495	$ 16,618,664	$ 27,080,094	$ 10,725,749	$ 2,628,839	$ 31,387,377

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 1,505	$ 498,626	$	$	$ 498,626	$ 541,321	
230,746	816,367		54,296	762,071	546,070	
1,057	787,423			787,423	786,678	
676	68,559			68,559	65,929	
1,654	149,368			149,368	166,876	
2,437	1,107,974		2,834	1,105,140	1,087,733	
40,577	2,524,219	15,225	10,871	2,498,123	2,494,699	
134,442	2,290,121			2,290,121	2,199,942	
8,246	200,735	18,281	19,355	163,099	128,882	
25,885	1,495,383	17,096	12,855	1,465,432	1,479,484	
3,525	2,206,054			2,206,054	2,013,387	
15,643	1,084,353			1,084,353	1,056,444	
10,986	2,405,166	109,779	13,938	2,281,449	2,290,301	
	22,683			22,683	2,622	
7,211	1,045,548	800	31,370	1,013,378	953,963	
27,171	1,752,425			1,752,425	1,742,047	
511,761	18,455,004	161,181	145,519	18,148,304	17,556,378	3.4%
149,832	149,832			149,832	209,125	
					607,976	
1,465,289	5,613,792			5,613,792	4,571,227	
	205,085			205,085	231,134	
2,126,882	24,423,713	161,181	145,519	24,117,013	23,175,840	4.1%
15,866	1,878,969		53,001	1,825,968	1,814,665	
15,866	1,878,969		53,001	1,825,968	1,814,665	0.6%
23,891	23,891			23,891	5,053	
					2,948	
22,779	399,750			399,750	205,852	
25,218	2,461,863			2,461,863	2,376,334	
87,754	4,764,473		53,001	4,711,472	4,404,852	7.0%
	291,000			291,000	150,000	
1,923,540	121,102,871	855,604	3,737,066	116,510,201	111,948,947	4.1%
703,412	703,412			703,412	745,467	
688	688			688	2,047,847	
2,627,640	121,806,971	855,604	3,737,066	117,214,301	114,742,261	2.2%
4,779,334	38,647,562			38,647,562	35,358,771	
595,372	16,368,031			16,368,031	16,585,688	
$ 8,002,346	$176,822,564	$ 855,604	$ 3,737,066	$172,229,894	$166,686,720	3.3%

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Schedule 25 Net Other Academic Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Academic Review Program:						
General Operating	$	$	$	$	$	$ 31,763
						31,763
Computer Services:						
General Operating						
Computer Centre			2,416,736	222,881	54,516	509,488
Administrative Data Centre			942,081	94,205	21,222	4,474
Computer Equipment						61,996
MIcro Computer Centre	22,615		70,299	7,761	2,097	46,381
	22,615		3,429,116	324,847	77,835	622,339
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Special Funds		17	80,891	7,121	1,813	422,706
	22,615	17	3,510,007	331,968	79,648	1,045,045
Institutes,Centres and Specialized Academic Units:						
General Operating						
Central Breeding Facility			70,500	6,151	1,370	87,704
Centre For Aging	4,125	25,937	15,531	4,895	1,027	9,409
Centre For Higher Education Management	8,025	4,850	30,734	4,118	891	97,632
Mosaic	3,600		34,103	4,300	938	13,211
Transport Institute	9,739		61,350	6,720	1,584	14,021
University of Manitoba Press			47,959	4,999	1,066	7,668
	25,489	30,787	260,177	31,183	6,876	229,645
Renovation and Equipment						
Research	17,606	400,044	138,044	31,721	9,068	359,238
Special Funds		270	51,804	4,281	1,150	98,630
	43,095	431,101	450,025	67,185	17,094	687,513
Instructional Media:						
General Operating						
Director's Office			1,294,227	123,244	29,223	259,188
			1,294,227	123,244	29,223	259,188
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Special Fund		1,486	19	33		
		1,486	1,294,246	123,277	29,223	259,188
Research Development:						
General Operating	4,926	82,704	43,283	10,746	2,963	270,142
	4,926	82,704	43,283	10,746	2,963	270,142
Research	2,625	44,065	2,756	321	94	62,074
	7,551	126,769	46,039	11,067	3,057	332,216
Staff Development Program:						
General Operating	400			34	9	121,557
	400			34	9	121,557

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$	$ 31,763	$	$	$ 31,763	$ 47,236	(32.8%)
	31,763			31,763	47,236	(32.8%)
29,916	3,233,537	38,555	560,855	2,634,127	2,739,977	
18,108	1,080,090		9,650	1,070,440	1,109,453	
3,672,858	3,734,854			3,734,854	2,336,806	
62,068	211,221		50,089	161,132	170,166	
3,782,950	8,259,702	38,555	620,594	7,600,553	6,356,402	19.6%
110,097	110,097			110,097	5,586	
					150,603	
177,763	690,311			690,311	334,018	
4,070,810	9,060,110	38,555	620,594	8,400,961	6,846,609	22.7%
	165,725	159,542		6,183	35,310	
1,333	62,257			62,257	4,575	
2,969	149,219		37,900	111,319	101,162	
	56,152			56,152	56,299	
	93,414		14,703	78,711	100,556	
350	62,042			62,042	58,898	
4,652	588,809	159,542	52,603	376,664	356,800	5.6%
2,000	2,000			2,000	14,713	
10,713	966,434			966,434	660,727	
5,339	161,474			161,474	132,284	
22,704	1,718,717	159,542	52,603	1,506,572	1,164,524	29.4%
71,389	1,777,271	306,765	56,414	1,414,092	1,398,566	
71,389	1,777,271	306,765	56,414	1,414,092	1,398,566	1.1%
205,400	205,400			205,400	202,085	
					353,548	
	1,538			1,538	792	
276,789	1,984,209	306,765	56,414	1,621,030	1,954,991	(17.1%)
84,669	499,433		30,000	469,433	303,964	
84,669	499,433		30,000	469,433	303,964	54.4%
38,104	150,039			150,039	10,861	
122,773	649,472		30,000	619,472	314,825	96.8%
	122,000		38,107	83,893	79,415	5.6%
	122,000		38,107	83,893	79,415	5.6%

Schedule 25 **Net Other Academic Expenditure by Account and Funding**

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Colleges:						
General Operating						
Warden's Office St.John's College	$ 78,579	$	$ 157,312	$ 23,433	$ 5,375	$ 32,349
Rector's Office St.Paul's College	15,780		149,421	17,373	3,722	49,741
Provost's Office University College	29,441	142	73,252	11,207	2,339	30,708
	123,800	142	379,985	52,013	11,436	112,798
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Special Funds						
	123,800	142	379,985	52,013	11,436	112,798
Total Other Academic:						
General Operating	177,230	113,633	5,406,788	542,067	128,342	1,647,432
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Total Operating	177,230	113,633	5,406,788	542,067	128,342	1,647,432
Research	20,231	444,109	140,800	32,042	9,162	421,312
Special Funds		1,773	132,714	11,435	2,963	521,336
	$ 197,461	$ 559,515	$ 5,680,302	$ 585,544	$ 140,467	$ 2,590,080

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 732	$ 297,780	$	$ 27,147	$ 270,633	$ 245,321	
7,439	243,476			243,476	235,957	
1,572	148,661	22,234	4,719	121,708	140,534	
9,743	689,917	22,234	31,866	635,817	621,812	2.3%
6,000	6,000			6,000	6,003	
					15,167	
					4,306	
15,743	695,917	22,234	31,866	641,817	647,288	(0.8%)
3,953,403	11,968,895	527,096	829,584	10,612,215	9,164,195	15.8%
323,497	323,497			323,497	228,387	
					519,318	
4,276,900	12,292,392	527,096	829,584	10,935,712	9,911,900	10.3%
48,817	1,116,473			1,116,473	671,588	
183,102	853,323			853,323	471,400	
$ 4,508,819	$ 14,262,188	$ 527,096	$ 829,584	$ 12,905,508	$ 11,054,888	16.7%

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Schedule 26 Net Library Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Libraries:						
General Operating						
Dafoe Library	$ 1,890,197	$	$ 2,701,849	$ 465,515	$ 103,810	$ 2,608,356
Dental Library	41,766		73,548	10,975	2,599	56,762
Law Library	119,762		213,026	34,421	7,498	339,617
Medical Library	191,091		342,138	51,872	12,000	461,270
St. John's College Library	51,854		40,179	8,287	2,073	1,016
St. Paul's College Library	47,377		69,865	6,197	2,640	37,680
	2,342,047		3,440,605	577,267	130,620	3,504,701
Renovation and Equipment						
Total Operating	2,342,047		3,440,605	577,267	130,620	3,504,701
Research		2,222		61	50	46,709
Special Funds	30,344		20,198	4,749	1,172	129,911
	$ 2,372,391	$ 2,222	$ 3,460,803	$ 582,077	$ 131,842	$ 3,681,321

Schedule 27 Net Student Services Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Alumni Association	$	$	$ 52,331	$ 5,186	$ 1,189	$ 33,524
Chaplain's Office						3,603
Counselling Services	475,073	14,293	63,209	53,127	12,336	37,376
Financial Aid and Awards			170,843	16,540	3,847	19,881
Housing and Student life			48,786	4,974	1,199	23,727
International Centre for Students	34,079	7,116	40,221	8,438	1,804	33,410
Native Student Advisor			16,919	1,546	381	1,103
Recreation and Athletics	433,095	44,568	1,123,757	128,035	36,171	921,748
Special Programming	180,970	665	69,211	25,413	5,650	62,816
U.M.S.U. Special Projects						12,000
University Centre Commission						
University Health Services	81,641	205	189,197	22,755	6,151	89,297
	1,204,858	66,847	1,774,474	266,014	68,728	1,238,485
Renovation and Equipment						
Total Operating	1,204,858	66,847	1,774,474	266,014	68,728	1,238,485
Research		6,064		575	136	463
Special Funds		2,980	138,595	6,125	1,924	396,466
	$ 1,204,858	$ 75,891	$ 1,913,069	$ 272,714	$ 70,788	$ 1,635,414

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 209,558	$ 7,979,285	$ 13,120	$ 64,244	$ 7,901,921	$ 7,297,393	
731	186,381			186,381	186,624	
1,082	715,406			715,406	656,257	
	1,058,371			1,058,371	948,461	
	103,409			103,409	97,971	
	163,759			163,759	155,985	
211,371	10,206,611	13,120	64,244	10,129,247	9,342,691	8.4%
10,000	10,000			10,000	11,979	
221,371	10,216,611	13,120	64,244	10,139,247	9,354,670	8.4%
4,943	53,985			53,985	47,936	
20,487	206,861			206,861	301,912	
$ 246,801	$ 10,477,457	$ 13,120	$ 64,244	$ 10,400,093	$ 9,704,518	7.2%

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		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$	$ 92,230		$	$ 92,230	$ 75,137	
	3,603			3,603	3,218	
6,232	661,646		6,069	655,577	663,771	
	211,111			211,111	212,468	
350	79,036			79,036	71,963	
1,025	126,093		88,550	37,543	7,101	
2,525	22,474			22,474	20,417	
80,322	2,767,696		1,835,520	932,176	817,360	
81,911	426,636		50,561	376,075	289,754	
	12,000			12,000	12,000	
					25,092	
27	389,273		192,114	197,159	118,791	
172,392	4,791,798		2,172,814	2,618,984	2,317,072	13.0%
39,124	39,124			39,124	82,820	
211,516	4,830,922		2,172,814	2,658,108	2,399,892	10.8%
	7,238			7,238	3,042	
334	546,424			546,424	461,800	
$ 211,850	$ 5,384,584		$ 2,172,814	$ 3,211,770	$ 2,864,734	12.1%

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Schedule 28 Net Administration Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
President and Vice Presidents' Offices	$ 707,888	$	$ 850,503	$ 144,194	$ 35,794	$ 554,990
Admissions Office			526,126	49,753	11,849	118,770
Board of Governors			89,679	9,404	2,031	63,532
Comptroller's Office			1,968,429	202,069	44,605	404,338
Employee Relations and Personnel			1,020,169	102,651	23,062	165,909
Institutional Analysis			247,705	26,063	5,598	16,475
Internal Audit			134,230	12,667	3,053	12,952
Legal Fees						251,813
Office Machine Services			147,647	16,968	3,340	159,224
Planning Office			80,878	6,991	1,823	10,645
Printing and Publications Services			541,449	56,517	12,366	901,460
Senate Secretariat			121,740	12,974	2,769	21,702
Student Records Office			604,749	60,664	13,629	270,176
Staff Benefits Office			216,936	20,628	4,885	60,721
University Relations and Information			155,179	15,261	3,493	371,120
	707,888		6,705,419	736,804	168,297	3,383,827
Renovation and Equipment						
Total Operating	707,888		6,705,419	736,804	168,297	3,383,827
Research						96,101
Special Funds		1,302	7,999	174	48	95,129
	$ 707,888	$ 1,302	$ 6,713,418	$ 736,978	$ 168,345	$ 3,575,057

Schedule 29 Net Physical Plant and Energy Management Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Insurance			$	$	$	$ 587,522
Operations and Maintenance:						
Energy Management			3,633,960	373,542	82,353	783,220
Physical Plant			1,044,285	108,423	23,499	120,546
Buildings and Grounds			4,444,703	467,686	101,143	287,497
Post Office and Mail Service			177,643	19,253	4,007	891,913
Security			723,874	72,807	16,367	51,717
Utilities:						
Colleges						173,200
Energy Conservation						31,104
Fuel Fort Garry						1,861,513
Fuel Medical and Dental						937,087
Light, Power and Water						4,047,925
Telephone			45,426	5,500	1,022	2,057,182
Vehicle Fleet						33,852
Workers Compensation						401,398
			10,069,891	1,047,211	228,391	12,265,676
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Total Operating			10,069,891	1,047,211	228,391	12,265,676
Special Funds						
			$ 10,069,891	$ 1,047,211	$ 228,391	$ 12,265,676

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 68,096	$ 2,361,465	$ 22,851	$ 168,781	$ 2,169,833	$ 2,096,074	
2,489	708,987			708,987	689,115	
112	164,758			164,758	175,484	
52,244	2,671,685	688	27,413	2,643,584	2,403,987	
15,047	1,326,838		25,239	1,301,599	1,180,520	
8,162	304,003			304,003	297,648	
8,125	171,027			171,027	163,773	
	251,813			251,813	112,799	
254,151	581,330	565,934		15,396	296,698	
22,664	123,001			123,001	144,566	
62,605	1,574,397	1,205,210	313,622	55,565	(45,594)	
	159,185			159,185	145,345	
19,310	968,528		100,670	867,858	1,065,795	
9,977	313,147		134,032	179,115	139,627	
991	546,044	254,379	14,553	277,112	269,144	
523,973	12,226,208	2,049,062	784,310	9,392,836	9,134,981	2.8%
50,593	50,593			50,593	63,672	
574,566	12,276,801	2,049,062	784,310	9,443,429	9,198,653	2.7%
56,098	152,199			152,199	50,900	
732	105,384			105,384	87,658	
$ 631,396	$ 12,534,384	$ 2,049,062	$ 784,310	$ 9,701,012	$ 9,337,211	3.9%

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		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$	$ 587,522	$	$	$ 587,522	613,767	
1,293,546	6,166,621	3,317	239,177	5,924,127	4,628,185	
65,737	1,362,490	2,507	22,949	1,337,034	1,344,816	
135,479	5,436,508	7,613	252,332	5,176,563	5,083,498	
4,041	1,096,857	879,024	32,620	185,213	258,863	
10,802	875,567	623,000		252,567	184,818	
	173,200		46,609	126,591	128,935	
466	31,570			31,570	157,102	
	1,861,513	166,179	783,358	911,976	547,404	
	937,087		12,079	925,008	1,086,806	
	4,047,925	66,644	640,973	3,340,308	3,133,696	
4,721	2,113,851	2,050,570	66,364	(3,083)	83,128	
20,023	53,875	75,121		(21,246)	(17,632)	
	401,398		49,081	352,317	239,732	
1,534,815	25,145,984	3,873,975	2,145,542	19,126,467	17,473,118	9.5%
1,892,899	1,892,899			1,892,899	1,659,645	
1,421,182	1,421,182			1,421,182	2,454,469	
4,848,896	28,460,065	3,873,975	2,145,542	22,440,548	21,587,232	4.0%
					832	
$ 4,848,896	$ 28,460,065	$ 3,873,975	$ 2,145,542	$ 22,440,548	$ 21,588,064	3.9%

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Schedule 30 Net General Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Alumni Phone/Mail Campaign		$	$ 20,155	$ 13	$ 60	$ 692,775
Calendars						47,747
Convocation			40,811	4,413	940	117,684
Handicapped Transport						2,672
Miscellaneous						168,106
Ombudsman			88,048	8,310	1,984	7,727
Outreach Programmes						22,094
Pay Equity						174
Pharmacy		119	74,129	6,811	1,672	217,446
Playcare Centre			47,718	5,208	1,074	2,484
Private Funding			311,249	26,576	6,558	276,268
Retiring Allowances				32,659		
Rentals						
Reservations Department			225,223	15,244	4,973	236,533
Supplementary Health & Dental				151,324		
Supplementary Pensions				781,506		
University Centre Management			84,442	9,619	1,908	27,206
United Appeal			2,560	125	58	4,033
		119	894,335	1,041,808	19,227	1,822,949
Renovation and Equipment						
Total Operating		119	894,335	1,041,808	19,227	1,822,949
Research						
Special Funds		985	3,435	72	87	2
		$ 1,104	$ 897,770	$ 1,041,880	$ 19,314	$ 1,822,951

Total Schedules 24 to 30:						
General Operating	$ 79,093,483	$ 5,235,352	$ 45,026,314	$ 13,055,302	$ 2,895,576	$ 35,595,284
Renovation and Equipment						
Equipment Replacement & Reclamation Projects						
Total Operating	79,093,483	5,235,352	45,026,314	13,055,302	2,895,576	35,595,284
Research	3,397,095	9,603,307	8,683,841	1,408,147	348,270	11,647,605
Special Funds	2,371,515	2,420,039	2,105,192	528,704	144,140	9,714,987
	$ 84,862,093	$ 17,258,698	$ 55,815,347	$ 14,992,153	$ 3,387,986	$ 56,957,876

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1989*	*March 31, 1988*	*% Increase (Decrease)*
$ 5,997	$ 719,000		$	$ 719,000	$ 163,377	
	47,747		5,648	42,099	38,060	
	163,848			163,848	155,145	
	2,672			2,672	3,121	
21,039	189,145			189,145	23,910	
	106,069			106,069	100,541	
	22,094			22,094	19,386	
	174			174	80,239	
9,974	310,151		318,971	(8,820)	(3,989)	
	56,484		43,830	12,654	3,364	
10,263	630,914			630,914	456,045	
	32,659		6,918	25,741	30,085	
54,854	54,854			54,854	47,225	
189	482,162		367,269	114,893	21,043	
	151,324			151,324	111,355	
	781,506		550,566	230,940	211,829	
9,979	133,154		72,143	61,011	28,237	
	6,776			6,776	5,831	
112,295	3,890,733		1,365,345	2,525,388	1,494,804	68.9%
469	469			469	1,834	
112,764	3,891,202		1,365,345	2,525,857	1,496,638	68.8%
	4,581			4,581	3,378	
$ 112,764	$ 3,895,783		$ 1,365,345	$ 2,530,438	$ 1,500,016	68.7%

Statement B

$ 8,431,789	$ 189,333,100	$ 7,318,857	$ 11,098,905	$ 170,915,338	$ 160,875,808	6.2%
3,019,994	3,019,994			3,019,994	2,793,804	
1,421,870	1,421,870			1,421,870	5,021,634	
12,873,653	193,774,964	7,318,857	11,098,905	175,357,202	168,691,246	4.0%
4,889,192	39,977,457			39,977,457	36,132,237	
800,027	18,084,604			18,084,604	17,912,668	
$ 18,562,872	$251,837,025	$ 7,318,857	$ 11,098,905	$ 233,419,263	$ 222,736,151	4.8%

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
The University Investment Trust Fund:			
Dr. John E. Abra Orthodontic Fund	$ 25,000	$ 6,488	$ 31,488
Dr. John Earl Abra Scholarship in Orthodontics	3,329	440	3,769
Rahul Aggarwal Book Prize	3,272	342	3,614
Agriculture and Home Economics Loan Fund	2,828	21,005	23,833
Agriculture Engineering Scholarship		2,192	2,192
Agriculture Faculty Awards	8,472	1,181	9,653
Sir James Aikins Prize Fund	14,220	2,053	16,273
Lloyd Aitken Memorial Bursary	7,954	941	8,895
Aaron Akman Scholarship Fund	5,057	1,221	6,278
Alberta Award - Faculty of Management		447	447
Dr. Frank Allen Medal Fund	2,279	486	2,765
Altrusa Club of Winnipeg Award	4,022	673	4,695
Anatomical Research Fund	62,612	24,506	87,118
C.L. Anderson Feed-Rite Prize and Fellowship	150,000	16,068	166,068
Clara Kemila Anderson Memorial Award	5,914	1,009	6,923
Arthur Andersen & Co. Fellowship		14,983	14,983
Frances J. Anderson Trust Fund	24,857	2,662	27,519
Irene Anderson Memorial Scholarship	12,108	1,846	13,954
T.A.(Stoney)Anderson Gold Medal	850	164	1,014
Armed Forces Memorial Award	6,498	2,740	9,238
The Henry Percy Armes Memorial Lectures Fund	12,000	6,928	18,928
Doreen Ash Memorial Prize	1,555	240	1,795
Asian Studies Centre	1,570	110	1,680
The Charles Lorraine Atkinson Fund	36,000	4,947	40,947
Isabel Auld Entrance Scholarship Trust Fund	2,000	211	2,211
A.J. Averbach Memorial Prize	1,000	107	1,107
Back to the Land Assistance Association Prize	13,515	1,940	15,455
Bank of Montreal Professorship in International Finance	52,000	3,817	55,817
Rose Dora Baru Prize in Judaic Studies	1,654	217	1,871
Emma J. Bates Memorial Fund	9,441	1,639	11,080
Michael Beach Memorial Fund	3,097	359	3,456
Paul R. Beaudoin Memorial Geochemistry Scholarship	6,417	688	7,105
Ed & Evelyn Bell Bursary	2,796	626	3,422
C.K. Bell Memorial Research Fund	1,294	288	1,582
L. Nian Bellan Memorial Scholarship Fund		1,236	1,236
The Caroline Berbrayer Memorial Award	26,779	5,115	31,894
Prof. C.P. Bennett Thesis Award	3,063	330	3,393
Benidickson Reading Room	25,000	7,578	32,578
The Edith Rose Berger Scholarship in Judaic Studies	3,117	676	3,793
Harry Berger Scholarship Fund	3,929	578	4,507
Rozelle Berger Bursary	4,708	710	5,418
Norman S. Bergman Bursary	1,037	241	1,278
Emil Bernier Memorial Scholarship Fund	1,206	253	1,459
Edmund Berry Fund	14,680	1,600	16,280
Charles Biesick Memorial Bursary	5,907	1,470	7,377
Bison Foundation	141,674		141,674
Biting Fly Research Chair	3,274	228	3,502
The Olafur Bjornson Prize	829	89	918
Lt. James Wallace Black Memorial Prize	2,013	300	2,313
Cecil Black Memorial Law Bursary	2,000	229	2,229
Cecil Black Memorial Prize in Current Legal Problems	1,666	391	2,057
Cecil Black Memorial Prize in Estate Planning	1,500	164	1,664
Tim Black Memorial Award	1,000	415	1,415
Dr. William Bloom Prize Fund	985	112	1,097
The Jack Blumberg Memorial Prize	1,024	110	1,134

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Boise Cascade Scholarship	20,889	2,928	23,817
Dorothy M. Bolton Scholarship Fund	3,066	658	3,724
Dr. Paul Bookhalter Scholarship Fund	1,000	82	1,082
Botany Dalgarno Distinguished Vistor Award		23,696	23,696
The Ethel Louise (Armstrong) and John Esterbrook Botterell Fund	6,084	2,741	8,825
Dr. Manly Bowles Scholarship	3,462	482	3,944
Stella Boyd Memorial Scholarship	2,600	292	2,892
Professor E. Arthur Braid, Q.C. Fund	2,000	172	2,172
The Joe Brain Foundation Inc. Bursary Fund	10,000	754	10,754
Dr. George A. Brass Teaching Fund	9,673	14,085	23,758
Aaron Bricker Memorial Scholarship Fund	2,196	314	2,510
Bristol Aerospace Limited - Robert H. May Bursary	2,000	83	2,083
Bristol Aerospace Limited - W. Murray Auld Bursary	5,069	624	5,693
R.A. (Bob) Bristow Memorial Scholarship	707	283	990
Allan Bronfman Family Scholarship	40,722	5,716	46,438
The Rosa Brook Scholarship Fund	3,532	470	4,002
The Israel Brotman Memorial Bursary	2,437	279	2,716
Helen Broughton Prize	3,081	388	3,469
Estate of Dora M. Brown		24,693	24,693
Neil Kay Brown Memorial Bursary	5,287	606	5,893
Richard Brown Memorial Bursary	3,082	464	3,546
George Brownell Memorial Prize	18,012	2,342	20,354
Robert Bruce Memorial Bursary	4,016	607	4,623
Dr. Michael Bruser Memorial Bursary	7,928	1,113	9,041
Dr. Michael Bruser Memorial Fund	9,419	1,447	10,866
Nathan S. Bubbis Memorial Bursary	15,142	2,048	17,190
The Leslie F. Buggey Fund	26,500	1,364	27,864
Ted & June Burgess Bursary	11,280	981	12,261
The Manley Burshtein Memorial Bursary in Medicine	11,009	1,673	12,682
Sarah F. Burshtein Memorial Bursary	7,175	977	8,152
Dr. L.W. Caldbick Scholarship	2,381	331	2,712
James H. Cameron Scholarship	12,798	2,454	15,252
Janet Ian Cameron Memorial Bursary	2,286	350	2,636
The Caminetsky Prize in Pharmacology and Therapeutics		1,251	1,251
A. Lorne Campbell, Q.C. Fund		2,911	2,911
Dr. and Mrs. Ralph Campbell Outreach Award	1,428	1,627	3,055
Dr. William F. Campbell Scholarship in Orthodontics	4,229	595	4,824
Canadian Society for Mechanical Engineering Gold Medal	1,058	224	1,282
Dr. Peter E. Cansfield Chemistry Award		27	27
Canada Northlands Development Award	7,016	995	8,011
Patricia Card Memorial Bursary	1,935	225	2,160
E.V. Caton Memorial Scholarship	4,396	995	5,391
C.A.R.M. - N.R.I. Endowment Scholarship Fund		2,634	2,634
Centre for Accounting Research & Education	230,000	21,218	251,218
Chair of Icelandic Language & Literature	359,493		359,493
Chairman of the Board, Special Opportunity Trust Fund	500	612	1,112
Chair in Women's Studies	738,500	81,547	820,047
Chair of Management	367,334	41,377	408,711
The Chancellor's Prize Fund	3,602	497	4,099
Chemistry Graduate Students' Association Scholarship	3,001	289	3,290
Muriel Brooks Childerhose Memorial Scholarship	2,684	315	2,999
Alice M. Chisholm Bursaries	7,196	1,307	8,503

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Charles Gray Chown Scholarship Fund	338,400	313,754	652,154
Dr. H.H. Chown Bursaries	8,514	1,269	9,783
W.J. Christie Memorial Bursary	9,990	1,430	11,420
A.J. Christie Prizes in Law	3,919	581	4,500
Colonel Edward Churchill Prize	1,812	257	2,069
Estate of Nancy Hetti Clark		7,837	7,837
Maurice Chusid Memorial Bursary	5,218	760	5,978
Class of Arts and Science '30 Prize	722	101	823
Dr. John W. Clay Medal Fund	1,646	330	1,976
John W. Clay Scholarship Fund	8,566	9,984	18,550
Cleft Palate Fund	16,103	11,540	27,643
Harold R. Coish Memorial Scholarship	10,509	1,800	12,309
Anne Cohen Memorial Bursary	11,338	1,330	12,668
Benjamin Cohen Scholarship	3,824	555	4,379
Sara and Moses Cohen Prize in Law	1,872	241	2,113
Dr. E.N. Cole Memorial Fund	2,803	302	3,105
College of Physicians and Surgeons Loan Fund		1,695	1,695
Roma Collins Memorial Fund		1,028	1,028
Hazel G. Cook Memorial Cancer Research Bequest	42,505	113,807	156,312
Admin/Transport Building Fund	350,314	7,169	357,483
Samuel Corman Memorial Bursary	2,264	255	2,519
James H. Cook Memorial Bursary	8,601	1,245	9,846
R.W. Cooke Memorial Scholarship	293	241	534
H.I. Corne Prize	1,504	219	1,723
Estate of Elva S. Corrigill	57,486	9,628	67,114
Dr. Vic Corroll General Proficiency Award	1,092	125	1,217
June Helen Coulter Memorial Fund	10,000	1,071	11,071
Peter L. Coultry Memorial Book Prize	1,253	134	1,387
Cowcup Trust Fund		663	663
Don Craik Memorial Library Fund	64,340	5,862	70,202
Don Craik Memorial Scholarship Fund	6,940	749	7,689
Bruce Currie Memorial Scholarship Fund		1,942	1,942
The Peter D. Curry Chancellor's Award		504	504
Estate of J. C. Dalgarno	120,917	28,566	149,483
Catherine Elizabeth Davidson Bursaries in Medicine	3,236	439	3,675
The Dr. N. Demchuk Award	3,227	699	3,926
Dental Museum - History	3,092	2,602	5,694
Emilie Sumi Denney Scholarship	3,472	507	3,979
Development Fund		2,447	2,447
Development Fund - Alumni Association	1,355	422	1,777
Estate of Dr. Agnes Isabelle Dodds	7,577	36,198	43,775
Murray S. Donnelly Award in Canadian Political Studies	1,934	132	2,066
Joseph Doupe Medal Fund	7,203	1,520	8,723
Dr. Joseph Doupe Memorial Bursaries	4,283	459	4,742
The Ieleane Downey Memorial Book Prize	1,085	117	1,202
Anthony G. Draper Memorial Prize	770	101	871
The Drummond Scholarship Fund	102,361	7,892	110,253
Nicolas Dubick Memorial Bursary	6,735	1,528	8,263
B.B. Dubienski Memorial Scholarship	11,190	2,503	13,693
The Duckworth Fund	8,243	979	9,222
August Dyck Scholarship Fund	3,096	722	3,818
Frank Edick Memorial Prize	500	54	554
Grettir Eggertson Fund	2,591	11,138	13,729
The Mary Jane Ego Scholarship	6,494	844	7,338
Eleventh Field Ambulance Fund		931	931
Gissur Eliasson Memorial Scholarship	5,040	1,245	6,285
Miriam Green Ellis Fund in Animal Science	29,942	17,360	47,302
Miriam Green Ellis Fund in Plant Science	29,190	4,382	33,572
Employers' Association of Manitoba Scholarship in Commerce	13,921	1,975	15,896

Schedule 31 **Trusts and Endowments** *(Page 4)*

	Capital Account	*Current Account*	*Total*
Engineering Class of 46 Scholarship	16,376	2,707	19,083
English-Speaking Union of the Commonwealth Prize	1,133	133	1,266
Audrey Watts Ensminger and Frances Watts Johnson Scholarship	11,229	1,547	12,776
Esther Brina Erenberg Memorial Scholarship	2,164	296	2,460
Sarah Essers Book Prize	934	132	1,066
Estey Family Endowment Fund	50,045	4,873	54,918
The Ewart Chair of Constitutional Law	20,000		20,000
The John S. Ewart Memorial Fund	65,455	9,494	74,949
Faculty of Management Library Fund	27,883	7,198	35,081
Faculty of Dentistry Library Trust Fund	27,406	3,129	30,535
Douglas Bartlett Fahlgren Memorial Award	2,498	270	2,768
The Ethel M. Falardeau Scholarship (or Bursary) Fund	4,609	504	5,113
Dr. Ivy Falardeau Memorial Bursary Fund	15,641	4,061	19,702
William Fedorus Award	1,561	178	1,739
Dr. Elizabeth Feniak Fund	7,013	1,164	8,177
The E.P. Fetherstonhaugh Memorial Scholarship Fund	37,485	4,958	42,443
Financial Executives Institute (Wpg. Chapter) Scholarship	5,246	1,022	6,268
Fay Finestone Achievement Award	499	53	552
Sam Finkle Memorial Bursary	27,675	3,910	31,585
The David R. Finkelstein Memorial Bursary	3,562	405	3,967
Kenneth Finkelstein Prize in Sculpture	1,473	343	1,816
Miriam Finkelstein Memorial Bursary	2,694	307	3,001
Dr. Robert Fletcher Gold Medal in Education	737	141	878
Fort Garry Chamber of Commerce Bursary	8,268	1,146	9,414
Alf Francis Memorial Prize	1,500	164	1,664
Dr. Margaret Rose Frances Award Fund	3,074	367	3,441
Heinz Frank Memorial Scholarship	11,113	2,386	13,499
Chief Justice Samuel Freedman Faculty of Law Fund	4,500	1,811	6,311
Dr. Joseph Freeman Memorial Book Prize	535	58	593
Dr. Christine Gaboury Memorial Fund	6,915	405	7,320
Dr. H.P.H. Galloway Memorial Scholarship	20,254	2,352	22,606
Dr. Matthew Henry Garvin Estate	17,564	2,568	20,132
Dona Pilley Gauthier Memorial Scholarship		445	445
General Trust	1,494,219	2,206,777	3,700,996
Geological Engineering Scholarship Fund	426	6	432
Geological Engineering Entrance Scholarship	1,290	22	1,312
Morris and Bella Genser Bursary	3,341	428	3,769
Geriatric Medical Bursaries		3,281	3,281
The Gershfield Estate Scholarship	1,579	238	1,817
Alexander Gibson Memorial Lectureship Fund		247	247
J.M. Gilchrist Bursary	5,354	613	5,967
Thorsteinn J. Gislason Memorial Scholarship	14,475	3,442	17,917
Sari Golden Memorial Bursary	2,299	342	2,641
S. Morris & Bertha Golden Scholarship Fund	5,000	169	5,169
Mr. and Mrs. S.W. Golden Prize	554	60	614
R.R. Goodwin, Q.C. Memorial Fund	14,835	3,607	18,442
Dr. Cyril H. Goulden Memorial Scholarship	4,322	943	5,265
Mitch Gowler Memorial Fund	7,335	2,336	9,671
Graduate Award in Pharmacology and Therapeutics	835	237	1,072
Dr. John M. Grahame Scholarship Fund	7,458	1,036	8,494
Anne Grady Memorial Bursary	5,000	1,067	6,067
Graduate Fellowships & Scholarships		40,969	40,969
James H. Gray Medal Fund	572	106	678
Hart Green Junior Memorial Prize in Criminal Procedure	1,367	187	1,554

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Dr. Norman H. Greenberg Memorial Book Award	550	59	609
Gilbert T. Gregory Memorial Prize	1,767	249	2,016
Josephine and Louis Green Scholarship	1,150	124	1,274
Edward Oliver Grimsdick Memorial Prize	897	200	1,097
Gershon and Adela Grubert Memorial Scholarship	6,379	927	7,306
Pall Gudmundson Scholarship Fund	60,340	66,365	126,705
Estate of Joseph E. Guertin	108,768	186,308	295,076
Dr. John A. Gunn Memorial Scholarship in Surgery	5,138	751	5,889
The Honourable Mr. Justice R.D. Guy Memorial Research Fund	10,000	3,369	13,369
Eldon Hagglund Memorial Acquisition Fund	42,517	38,937	81,454
Monty Hall Scholarship Fund	13,725	1,818	15,543
Dr. F.W.L. Hamilton Scholarship Fund	6,743	897	7,640
William Leslie Haney Library Fund	10,000	1,064	11,064
Joan Harland Scholarship Fund	6,391	903	7,294
Jack Hart Memorial Scholarship		565	565
Margaret Elder Hart Graduate Study Award	10,354	1,462	11,816
The Hart Scholarship in Classics	4,821	1,193	6,014
Viktor Havlicek Memorial Fund	11,632	2,495	14,127
Charles Hawkins Memorial Bursary	23,494	3,067	26,561
John W. Hawryluk Memorial Scholarship	9,694	1,440	11,134
Leonard Heaton Memorial Scholarship	19,313	2,689	22,002
Dr. Frank Hechter Book Award	4,200	415	4,615
Gerald M. Hechter Bursary in Engineering	11,492	1,660	13,152
Irving L. Hechter Book Award	3,098	946	4,044
Shirley Joy Hechter Memorial Award	2,771	376	3,147
Dr. Ted Hechter Scholarship Fund	963	106	1,069
Mary E. Hedley Fellowship	5,240	2,616	7,856
Dr. R.L. Hedley Memorial Research Fund		11,316	11,316
Dale Henwood Lectureship	6,125	4,060	10,185
William J. Hill Memorial Fund	4,631	615	5,246
The Hirsch Memorial Prize	1,735	235	1,970
History Interdisciplinary Fund	2,147	458	2,605
Madge Hogarth Bursary Fund	11,931	1,366	13,297
The Alexandra Wrightson Hogg Scholarship	33,902	3,740	37,642
Dr. A.W. Hogg Bequest (Scholarships)	260,347	678,873	939,220
Reverend Joseph Hogg Scholarship	44,258	6,593	50,851
Dr. A.W. Hogg Bequest (Faculty Loan Fund)		76,028	76,028
Abraham Bessie & Mina Hollenberg Bursary Fund	6,123	1,847	7,970
Dr. Esther Gorsey Hollenberg Memorial Bursary	25,726	5,712	31,438
Mrs. Edna S. Hollier Scholarship	21,000	1,909	22,909
Bernice and William Holub Medical Library Fund	5,407	580	5,987
Home Economics Manitoba Association Bursary	5,834	796	6,630
Human Ecology Students' Society Bursaries	5,147	749	5,896
Edith F. Hudson Memorial Fund	10,000	22,607	32,607
The Hon. Mr. Justice Hudson Prize in Law	2,575	367	2,942
The Professor W.M. Hugill Memorial Scholarship	12,657	2,816	15,473
Estate of Lyla May Guest Hugill	97,480	2,029	99,509
Human Ecology 75th Anniversary Award	325	1,526	1,851
Dorothy Hunt Memorial Prize	477	53	530
Victoria Catherine Hull Memorial Award	6,137	907	7,044
Michael H. Hykawy Memorial Scholarship	5,005	1,757	6,762
The Marcus Hyman Memorial Scholarship	3,111	676	3,787
Molly Hyman Award in Art		495	495
Samuel Hyman Memorial Prize	1,616	212	1,828
Immunology Pharmacia	100,000	10,690	110,690

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Imperial Seed Co. Ltd. Scholarship	27,834	3,823	31,657
Industrial Project Prize	3,688	276	3,964
Interlake Grassland Society Bursaries	13,535	1,998	15,533
International Centre for Students Loan Fund		10,661	10,661
Leonard Isaacs Scholarship	7,834	1,079	8,913
Isbister Scholarships	42,005	9,444	51,449
Sonia Roffman Isenberg Prize	632	63	695
Jared Israels Memorial Fund	18,583	2,929	21,512
Sarah and Simon Israels Memorial Lecture Fund	10,425	16,751	27,176
Msgr. John Iwanchuk Memorial Fund	10,000	2,238	12,238
Richard Jackson Memorial Bursary	6,620	921	7,541
The Dr. Elmer S. James Memorial Fund	21,988	26,968	48,956
Duncan J. Jessiman, Q.C., Prize	1,000	111	1,111
Dr. A.V. Johnson Memorial Book Prize	691	94	785
William A. Johnston, Q.C. Estate	515,284	172,300	687,584
Mary Hamilton Johnston Memorial Bursary	4,471	608	5,079
Marie Jomini Memorial Scholarship	3,149	467	3,616
Brad Jonk Memorial Award		1,180	1,180
C. Meredith Jones Memorial Scholarship	8,993	1,627	10,620
Sophie Kanee Memorial Prize	989	106	1,095
Hung-Pin & Liu-Shih Kao Scholarship	2,869	404	3,273
Max Kaplan Prize in Legal Aspects of Business Planning	500	53	553
Rose Kare Memorial Fund	2,000	227	2,227
The Sadie Karr Memorial Book Prize	1,009	234	1,243
Aaron Katz Memorial Scholarship	2,037	319	2,356
Walter Kaufmann Scholarship		511	511
The Frances and Hyman Kay Bursary	3,289	804	4,093
The Mr. and Mrs. Samuel Fred Kay Bursary	3,177	359	3,536
Kellogg Foundation Faculty of Medicine Loan Fund	11,255	32,122	43,377
Kellogg Foundation Faculty of Dentistry Loan Fund	14,293	53,118	67,411
Dr. Frank Kennedy Memorial Fund	2,221	272	2,493
H.W. Kennedy Prize in Horticulture	2,078	223	2,301
Joan Kennett Memorial Award	663	147	810
E.B. Kernagham Bursary	33,218	4,007	37,225
Kidney Transplant Program	26,421	3,624	30,045
Dr. Alvin Klady Memorial Fund	3,339	370	3,709
Klieforth Prize in American History	1,265	136	1,401
Sheldon F. Kohn Bursary	4,500	516	5,016
David and Marion Korn Award	2,228	319	2,547
Knowles - Hawkins Memorial Bursary	8,273	1,010	9,283
Wladimir Kossar Memorial Scholarship	10,000	1,381	11,381
Adalsteinn Kristjansson Scholarship	81,862	11,453	93,315
Leonard Krueger Centennial Award	1,693	188	1,881
Leonard Krueger Scholarship in Dentistry	1,160	142	1,302
Steve Kucyk Memorial Bursary	10,632	1,139	11,771
Mike Kupfer Memorial Award	3,612	462	4,074
Jack Kusch Memorial Prize		458	458
Landscape Architecture Award Fund	1,000	1,298	2,298
Dr. T.J. Lamont Memorial Prize Fund	11,515	7,854	19,369
Sarah Ann Lambert Memorial Fund	12,233	15,412	27,645
Dr. W.G. Lamberd Memorial Fund	2,324	272	2,596
C.E. L'Ami Prize in Slavic Studies	6,425	860	7,285
H.V. Larusson Memorial Prize	634	144	778
Law Class of 1955 Fund		7,193	7,193
Law Class of 1963 Fund	1,200	97	1,297
Law Class of 1976 Fund		4,510	4,510
William & Joyce Lazer Scholarship in Marketing	1,595	51	1,646
The Rosabelle Searle Leach Scholarship	5,693	933	6,626

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Learned Societies Fund	104,749	12,996	117,745
Esther Leckie Memorial Prize	6,600	2,188	8,788
Dr. J.M. Lederman Memorial Fund	9,012	969	9,981
Legal Transactions Trust Account		19,787	19,787
Alexander Robert Leonard Scholarship	10,715	1,469	12,184
Ed Letinsky Annual Sketch Prize		294	294
Irving Levi Prize in Geology	357	39	396
David Levin Memorial Scholarship	2,750	386	3,136
James Palmer Lewis Lectureship Fund		2,390	2,390
Life Underwriters Association of Canada Prize	4,071	554	4,625
The Winona Lightcap Memorial Scholarship	3,500	393	3,893
J.S. Lightcap Fund	68,532	2,654	71,186
Professor Robert J. Lockhart Memorial Fund	25,725	32,418	58,143
Jack Roy Longstaffe Postgraduate Scholarships		118,758	118,758
The William McLeod Lougheed Memorial Bursary	7,416	1,009	8,425
Donald George M. Lougheed Memorial Scholarship	4,116	859	4,975
Dr. G. Lubinsky Memorial Scholarship	3,219	482	3,701
Albert Lucas Prize Fund	1,482	207	1,689
Earl Lunsford Bursary	5,745	730	6,475
Elizabeth Luginbuhl Memorial Prize	6,695	911	7,606
Sterling Rufus Lyon Scholarship in Constitutional Law	5,868	643	6,511
Michael Lyseyko Memorial Scholarship	10,250	1,127	11,377
Jack MacDonell Scholarship in Aging	21,620	6,557	28,177
David Ian MacKenzie Medal in Zoology	1,259	231	1,490
Gordon Mackie Scholarship		3,749	3,749
MacLachlan-Hart Gold Medal Fund	2,347	253	2,600
Irwin H. Mael Pharmacy Student Loan Fund	512	388	900
Mar Foundation Fund for Chinese Studies	40,000	7,699	47,699
Laurell Maley Memorial Bursary Fund	7,131	1,234	8,365
Mykyta I. Mandryka Scholarship	5,383	934	6,317
Manitoba Alfalfa Seed Producers Association Memorial Award	250	43	293
Manitoba Dental Association - Dental Hygiene Student Loan Fund	2,694	13,157	15,851
Man. Dental & Man. Alumni Assoc. Fund		23,142	23,142
Manitoba Diamond Jubilee Scholarship Fund	1,397	299	1,696
Manitoba Naturalists Society Scholarship	6,244	800	7,044
Manitoba Pharmaceutical Association Fund	56,792	5,213	62,005
Ralph Allan Mann Memorial Fund	6,204	9,066	15,270
Connie and Major Margolis Bursary	4,186	594	4,780
Mr. and Mrs. Max Margolis Prize	4,951	534	5,485
Anne Matas Memorial Prize in English	1,338	144	1,482
The Honourable Mr. Justice R.J. Matas Memorial Fund	7,455	1,458	8,913
The Honourable Mr. Justice R.J. Matas Canadian Law School Bursary	3,650	593	4,243
Charles A. May Memorial Bursary	985	116	1,101
Jean & Joseph M. McCombe Memorial Prize	9,467	1,364	10,831
Dr. Clifford McCormick Memorial Fund	5,168	1,022	6,190
Dr. W.A. McElmoyle Memorial Bursary	12,081	2,633	14,714
Donald K. McIvor Scholarship in Geology & Geophysics		31	31
The Alexander McIntyre Prize in Education	4,291	588	4,879
Allan McKean Memorial Scholarship	4,686	514	5,200
John McKechnie Memorial Scholarship	6,814	1,483	8,297
M.C.L. Bird Station Bursaries	13,452	3,143	16,595
Mrs. V. McLaughlin Memorial Award	323	16	339
Dr. Harry Percival McPhail Memorial Scholarship	7,390	859	8,249

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Medal of Merit in Home Economics	3,671	764	4,435
Medical Faculty Women's Club Centennial Prize in Medicine	3,201	679	3,880
Medical Faculty Women's Club Loan Fund	1,217	2,184	3,401
Medical Library Trust Fund	122,772	12,672	135,444
Medical Research Fund	5,102	21,183	26,285
Betty Meltzer Memorial Prize	1,006	108	1,114
Sara Meltzer Memorial Prize	5,055	1,099	6,154
Lillian Slusman Meyers Memorial Bursary in Medicine		590	590
Archie Micay, Q.C. Prize in Law	2,313	291	2,604
Christine Michalchyshyn Memorial Bursary	3,141	79	3,220
Estate of Sam Micsan	35,672	44,291	79,963
Roscoe R. Miller Scholarship	8,544	1,156	9,700
Allan R. Miller Scholarship	2,500	712	3,212
Esther & Samuel S. Milmot Scholarship	5,000	772	5,772
Leon Mitchell, Q.C. Prize in Labour Relations	3,300	360	3,660
Jean Margaret Mitchell Memorial Award Fund	3,300	680	3,980
Estate of Sydney L. Morantz	6,727	2,333	9,060
L.D. Morosnick Prize	1,436	204	1,640
Estate of Mona G. Morrison		2,909	2,909
Jean Morton Memorial Bursary	4,797	727	5,524
W.L. Morton Gold Medal in History	1,716	349	2,065
George Mower Memorial Prize	647	70	717
Dan Muir Memorial Award	7,161	984	8,145
Marguerite Murray Scholarship	14,895	2,586	17,481
Paul Myers Memorial Award	858	119	977
Terry Jon Myers Award	3,570	523	4,093
Nabisco Chair in Marketing	320,050	70,938	390,988
Neaman-Shenkarow Opportunity Fund	10,000	3,061	13,061
Samuel M. Neamtan Memorial Scholarship	5,768	647	6,415
Walter C. Newman Fund	10,190	1,168	11,358
Nicholson Memorial Fund	4,150	446	4,596
Dr. J.R.W. Nicholson Prize in Medicine	1,040	121	1,161
The Nickerson Prize in Pharmacology and Therapeutics	6,355	1,349	7,704
Burt Nitikman Memorial Lectures Fund	2,036	397	2,433
The Honourable I. Nitikman and Mrs. I. Nitikman Prize	1,432	203	1,635
The Alex Noble Memorial Scholarship	3,348	496	3,844
The George Alastair Noble Bursary	2,284	263	2,547
Bernard Noonan Memorial Fund	1,039	365	1,404
The Hon. John Norquay Scholarship	4,244	713	4,957
Northern Sales Co. Ltd. - C.O. Swartz Fund	28,000	16,937	44,937
Mark Lewis Nozick Memorial Scholarship	13,956	2,355	16,311
Nursing Education Endowment Fund	29,773	26,526	56,299
O.T. Memorial Bursary		660	660
Doreen O'Donnell Memorial Scholarship	5,049	563	5,612
Okamura Trust Fund		3,061	3,061
Old Age Pensions Society of Manitoba Incorporated	1,000	113	1,113
The Mindel and Tom Olenick Medal and Prize in Microbiology	5,064	547	5,611
Dr. Morley Oretzki Scholarship Fund	1,889	276	2,165
Gordon P. Osler Fund	80,000	15,991	95,991
William James Osborne Scholarship	8,669	1,201	9,870
Halsey A. Park Memorial Prize	277	30	307
The Paterson Bursary	50,000	1,532	51,532
Israel & Bessie Parr Bursary	3,000	645	3,645
Florence Pauls Prize in Nursing	1,689	232	1,921
Florence Nightingale Paulson Endowed Bursary Fund	1,574	177	1,751

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Andrew & Nellie Pawlik Scholarship	10,402	1,131	11,533
Nels and Elvira Pearson Scholarship Fund	4,215	572	4,787
H.C. Pentland Memorial Fund		1,186	1,186
Personnel Association of Greater Winnipeg	1,000	349	1,349
Aaron Jenkins Perry Memorial Scholarship	51,527	5,835	57,362
Perth Services Ltd. Award		7,602	7,602
David Renfrew Petrie Memorial Medal	1,690	273	1,963
Mary Pflueger Award		1,913	1,913
Richard (Dick) Lorne Pierce Memorial Bursary	2,792	392	3,184
Carol-Anne Plezia Memorial Bursary	12,772	2,234	15,006
Portnoy Prize Fund	1,183	592	1,775
Mr. & Mrs. Charles Portnuff Prize in Medicine	2,679	750	3,429
Baird Poskanzer Memorial Fund	4,454	1,461	5,915
Estate of Thomas James Pounder	26,515	51,106	77,621
Edward Ross Pressman Memorial Bursary	3,688	515	4,203
John Angus Prescott Memorial Book Prize	584	149	733
President's Research and Development Fund	25,446	3,075	28,521
President's Scholarship Fund		3,571	3,571
President's Special Projects Fund		3,846	3,846
Estate of J.M. Pritchard	10,000	1,133	11,133
Willard J. Condo Prosthodontic Bursary Fund	12,000	22,087	34,087
Dr. Donald B. Proctor Memorial Fund	8,801	2,680	11,481
Protein & Polypeptide Hormone Trust Fund	750,000	516,015	1,266,015
Leon Provancher Prize in Systematic Zoology	5,693	1,214	6,907
The Prowse Prize	41,998	9,494	51,492
Psychology Alumni Faculty Scholarship Trust Fund	13,905	3,296	17,201
Dr. James Pullar Memorial Trust	25,306	2,711	28,017
The R.A.C. Memorial Scholarship	3,529	496	4,025
R.C.N.V.R.(Women's Auxiliary Scholarship Loan Fund)	2,038	14,528	16,566
Dr. Maxwell S. Rady Scholarship in Obstetrics and Gynaecology	6,021	711	6,732
Dr. Maxwell S. Rady Scholarship	3,350	592	3,942
Josefine C. Rauch Memorial Prizes	5,973	639	6,612
Dr. Marvin Raynes Memorial Prize	1,604	358	1,962
Refresher Courses in Medicine		50,552	50,552
Donald Parker Reid Bursary in Medicine	15,810	3,471	19,281
Catherine Elizabeth Reimer Memorial Fund	3,099	457	3,556
Dr. Vernon B. Rhodenizer Graduate Scholarship	13,801	1,525	15,326
Jack Rice Memorial Scholarship	2,497	347	2,844
Marcel Richard Memorial Scholarship	9,755	1,460	11,215
The Marcel Richard - L'Alliance Francaise Prize	2,582	388	2,970
Cecil C. Richards Memorial Award	6,566	2,277	8,843
Mrs. Natalie Riedle Endowment Fund	84,434	9,510	93,944
Charles B. Rittenhouse Memorial Scholarship	25,000	4,810	29,810
Mrs. Ethel Roberts Memorial Prize	1,585	236	1,821
Arlene Meredith Roberts and Dr. T.J. Speakman Memorial Research Fund	2,000	715	2,715
Mary L. Robertson Memorial Scholarship	1,800	204	2,004
Estate of Alice Lyall Robertson		8,228	8,228
Esther Robinson Scholarship	4,000	447	4,447
Rockefeller Foundation Fund	244,363	643,438	887,801
Maysie Roger Memorial Fund	7,820	1,683	9,503
Arnold G. Rogers Medical Library Fund	10,631	1,114	11,745
Patricia Ruth Rogers Music Award	2,000	222	2,222
Dr. Sydney L. Rogers Scholar Fund	3,050	898	3,948
Phyllis May Rolfe Bursary		929	929
The Dr. Nelles Rollins Memorial Bursary	9,857	1,224	11,081

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Elizabeth Lewis Rose Memorial Book Prize in Foods and Nutrition	725	101	826
Mark Rose Memorial Book Prize in Pharmacy	725	100	825
Dr. Charlotte W. Ross Memorial Prize and Gold Medal	7,679	1,629	9,308
John L. Ross, Q.C. Moot Competition Travel Award	13,950	4,014	17,964
A. Allyn Rossen Award for Proficiency in Cardiovascular Investigation	7,869	1,171	9,040
Dr. & Mrs. Victor Rosenfield Fund	2,867	642	3,509
Nathan Rothstein Prize	1,495	166	1,661
Nathan Rothstein Prize in Film Studies	3,469	978	4,447
Kenneth Roulston Memorial Scholarship	7,672	1,616	9,288
Royal Air Force Auxiliary Memorial Scholarship	2,837	311	3,148
Antoni and Helen Rudan Memorial Scholarship	2,614	558	3,172
J.B. Rumberg Memorial Fund	1,481	160	1,641
John A. Russell Alumni Bursary	21,784	3,749	25,533
G.S. Rutherford, Q.C. Memorial Fund	5,100	1,225	6,325
Bernice W. Safeer Prize	1,494	310	1,804
Rachel & Isaac Sair Scholarship	6,340	893	7,233
Dr. and Mrs. H.H. Saunderson Award Fund	55,249	14,937	70,186
Dr. H.H. Saunderson Award in Dentistry	5,770	744	6,514
The Anastasia Sawula Prize	1,518	164	1,682
School of Art Scholarship Fund	2,977	1,028	4,005
Dr. C. Schom Scholarship or Bursary	45,000	1,665	46,665
School of Physical Education Memorial Award		614	614
Paul Walter Schiewe Lecture Fund	5,000	987	5,987
Abraham Schwartz Prize	1,077	148	1,225
Arthur & Daphne Schwartz Endowment Fund	11,681	26	11,707
Bernard C. Schwartz Scholarship	28,330	7,915	36,245
Fredrick Otto Schwartz Medical Library Memorial Fund	5,477	587	6,064
Science Students' Association Honours Bursary	6,912	944	7,856
Seagram Visiting Lecture Fund	10,000	3,596	13,596
Lord Selkirk Association of Rupertsland Memorial Scholarship	11,366	2,811	14,177
George H. Sellers Chair in Cancer Research	465,525	60,623	526,148
Dr. Sunil K. Sen Scholarship	1,385	195	1,580
Gladys Waldman Shaffer Memorial Bursary	2,880	412	3,292
Mr. and Mrs. Alexander Shack Prize in English	12,616	1,915	14,531
Philip Shane Memorial Bursary	9,494	1,203	10,697
Mr. and Mrs. J.D. Shanski Bursary	6,731	1,534	8,265
John Shanski Physical Education Bursary	6,208	825	7,033
John M. Sharp Memorial Fund	16,012	1,835	17,847
Clarence Bogardus Sharpe Memorial Scholarship	131,548	22,188	153,736
Dr. John P. Shaw Scholarship Fund	20,461	2,349	22,810
The Polly and George Sheps Prize	4,521	665	5,186
A. Mark Shinbane, Q.C. Law Library Fund	2,000	256	2,256
Dr. Alvin Shinoff Medal	1,880	383	2,263
W.H. Shinn Memorial Bursary	6,794	964	7,758
The Shnier Bursary	5,161	700	5,861
Mr. and Mrs. Max Shore Travelling Scholarship		9,963	9,963
Morris Shore Scholarship in Business Administration	11,309	1,665	12,974
Morris Shore Scholarship Fund	5,060	1,090	6,150
Mr. and Mrs. S. Sigurdson Memorial Scholarship	2,891	378	3,269
Edwin Silver Scholarship		1,348	1,348
Rubin Simkin Fund	6,037	1,763	7,800
The Mr. and Mrs. Saul Simkin Bursary in Medicine	3,878	530	4,408

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
William J. (Bill) Sinclair Memorial Fund	1,000	3,145	4,145
Sol & Elsie Sinclair Seminar Fund	39,134	1,546	40,680
Solomon Sinclair Endowment Fund	6,514	2,322	8,836
The Robert Sirluck Scholarship in Canadian History	3,885	429	4,314
The Mr. and Mrs. J. Skaletar Memorial Scholarship	5,019	1,091	6,110
Mark Smerchanski Prize	912	131	1,043
Dr. Emanuel Snell Bursary	1,034	305	1,339
Dr. Elizabeth B. Smith Award	2,247	317	2,564
Grant Smith Memorial Bursary		65	65
The Society of Management Accountants of Manitoba Prize - Robert Syme Memorial Scholarship	5,436	641	6,077
Lieutenant Morris Soronow Memorial Scholarship	1,892	275	2,167
Lieutenant M.M. Soronow Memorial Prize	1,398	184	1,582
Mrs. and Mrs. George Soudack Scholarship for the Humanities	3,415	756	4,171
Special Scholarships in Home Economics	20,254	2,793	23,047
Winthrop Spencer Scholarship Fund	7,214	1,532	8,746
Sport & Exercise Sciences Research Institute	397,360	31,595	428,955
Morton Stall Memorial Scholarship	2,615	457	3,072
Olive Beatrice Stanton Award for Excellence in Teaching	34,752	9,676	44,428
Estate of Esther R. Steele	27,946	5,703	33,649
The Dr. Jon Stefansson Memorial Scholarship	6,329	1,397	7,726
Veelia and Sharon Stern Memorial Award	10,536	1,656	12,192
A.M. Stewart Memorial Bursary	4,093	462	4,555
Paul Stewart Memorial Fund	1,301	277	1,578
Ronald K. Stewart-Hay Memorial Bursary	17,519	2,406	19,925
E.W. Stringham Award for Excellence in Animal Science	5,764	1,279	7,043
Student's Architectural Society Award	5,030	1,105	6,135
Student's Emergency Loan Fund		4,109	4,109
Summer Session Students' Council Memorial Bursary Fund	21,095	10,029	31,124
The Nathan Sures Scholarship	1,587	217	1,804
Edna Sutherland Bequest	15,935	19,629	35,564
David L. Swancar Memorial Fund for Legal Research	6,850	785	7,635
The Frank Swift Fund	50,000	1,236	51,236
Robert Syme Memorial Scholarship and Bursary	12,523	1,663	14,186
Wasyl Swystun Prize in Ukrainian Studies		1,021	1,021
Sam and Mary Szach Bursary	5,742	1,026	6,768
Hon. Mr. Justice Walter S. Tarnopolsky Travel Award	3,121	340	3,461
Lawrence Tapper Prize in Accounting	526	57	583
Dallas Taylor Memorial Prize	2,066	221	2,287
Dr. Ellen Fraser Taylor Faculty of Medicine Development Fund	151,662	124,979	276,641
Nena Tessler Memorial Bursary	5,062	730	5,792
E.J. Thomas Prize	5,647	872	6,519
The Rhys Thomas Memorial Prize in Music	694	78	772
W.W. Thomson Scholarship Fund	16,470	2,549	19,019
Ernest Payson Thompson Memorial Bursary Fund	5,657	809	6,466
Elizabeth and Robert Tibbs Memorial Bursary	2,874	632	3,506
Jeffrey Tinkler Memorial Scholarship Fund	7,658	953	8,611
John R. Troniak Memorial Award Fund	6,580	743	7,323
Dr. J.R. Trott Memorial Fund		6,248	6,248

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Alfred Rea Tucker Memorial Scholarship	66,203	11,611	77,814
Bessie Turner Memorial Prize	1,425	195	1,620
Keith Turner, Q.C. Memorial Fund		1,011	1,011
The Frederick W. Tuxworth Bursary	12,596	1,786	14,382
U. of M. Football Scholarship Fund		71,220	71,220
U. of M. Hockey Scholarship Fund		47,374	47,374
UMA Group - Faculty of Engineering	3,000	249	3,249
University Centre Management Group Fund	97,922	9,518	107,440
University Fund for Property Replacement	53,925	6,240	60,165
Gerry Stewart Varnes, Jr. Memorial Bursary	4,760	639	5,399
Jack S. Verner Memorial Scholarship	4,293	470	4,763
Vineberg Research Prize in Psychology	1,052	113	1,165
Garson N. (Gerry) Vogel Memorial Award	6,305	325	6,630
Christian Walker Memorial Bursary	17,585	2,035	19,620
Norma E. Watts Walker Award	3,921	695	4,616
Lila Wallace - Reader's DIigest Endowed Scholarship Fund	126,000	14,206	140,206
Wallace and Akins Limited Bursary	12,550	1,780	14,330
Professor Sidney Warhaft Memorial Fund	9,673	1,660	11,333
Dr. L.A.H. Warren Chair in Actuarial Science	799,579	148,660	948,239
Samuel Weiner Memorial Fund	40,796	8,805	49,601
H.E. Welch Award of Excellence in Zoology	2,140	417	2,557
The Helga Nielson Westdal Memorial Bursary	3,203	441	3,644
Digby Wheeler Radiological, Educational and Fellowship Trust	514,680	654,214	1,168,894
Western Canada Recreation Studies Conference Scholarship	4,604	46	4,650
Isabel Wettlaufer Scholarship	1,021	109	1,130
Doris Irene Wilton Memorial Scholarship	16,448	1,673	18,121
Kathy Windsor Memorial Bursary	13,179	3,828	17,007
Dr. S.J. Winkler Memorial Award	5,277	741	6,018
Winnipeg Branch - Canadian Physiotherapy Association Loan Fund	298	1,479	1,777
Winnipeg Dental Society - Dentistry Research Fund	3,500	2,163	5,663
Winnipeg Women's Air Force Auxiliary Memorial Bursary	5,925	841	6,766
J. Wolinsky Scholarship	11,314	1,922	13,236
Jack Woodhouse Memorial Bursary Fund	2,555	347	2,902
E.L. Wright Memorial Scholarship Fund	3,700	438	4,138
Morgan W. Wright Clinical Psychology Practicum Award		473	473
Don Wright Scholarships in Music Education	28,775	4,552	33,327
A. Yaciw Fund for Ukrainian Studies	20,000	4,819	24,819
Philip Yaffe Memorial Prize	4,374	721	5,095
Dr. A.A. Yauniskis Memorial Scholarship Fund	11,615	1,620	13,235
Dr. Tet Pin Yong Award in Undergraduate Surgery	2,379	799	3,178
Sarah Zarow Prize in Prosthodontology		474	474
Mary and Joe Zeal Prize	1,372	184	1,556
Pauline and Samuel Zinman Prize in Constitutional Law	1,443	202	1,645
Zonta Club of Winnipeg Bursary	5,569	771	6,340
Collegiate Award Fund:			
Carman Collegiate Award Fund	68	193	261
Pierre-Radisson Collegiate Award Fund	9	23	32
St. John's Collegiate Award Fund	45	130	175
Springfield Collegiate Award Fund	177	490	667
Development Fund:			
Unrestricted	1,060,185	101,660	1,161,845
Faculty of Agriculture	100,021	6,316	106,337
Faculty of Architecture	75,627	4,528	80,155

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Faculty of Arts	33,841	1,498	35,339
Faculty of Science	126,508	5,776	132,284
Faculty of Management	4,873	367	5,240
Faculty of Dentistry	81,874	6,081	87,955
Faculty of Education	37,112	2,712	39,824
Faculty of Engineering	193,800	10,333	204,133
Faculty of Human Ecology	43,723	2,478	46,201
Faculty of Law	6,961	174	7,135
Faculty of Medicine	120,012	8,912	128,924
Faculty of Pharmacy	4,562	334	4,896
School of Social Work	1,107	10	1,117
School of Art	1,371	117	1,488
School of Music	6,878	506	7,384
Faculty of Physical Education	7,518	336	7,854
School of Nursing	19,416	446	19,862
Library Acquisitions	21,160	3,824	24,984
General Endowment	17,276	2,428	19,704
Scholarships	9,156	1,306	10,462
Fellowships	3,130	344	3,474
Research	4,935	625	5,560
Equipment	1,718	236	1,954
Support Staff Projects	15,292	1,634	16,926
Landscaping (University)	11,466	1,422	12,888
Health Sciences Learning Resource Centre	1,277,835	168,227	1,446,062
Management/Transport Institute		2,181	2,181
University Hall	370,329	12,504	382,833
Continuing Education	11,610	1,395	13,005
Faculty of Management Student Placement Officer	8,900	1,253	10,153
Earth Science	19,252	2,309	21,561
St. Paul's College	8,081	687	8,768
St. John's College	7,931	657	8,588
Deferred Gifts		71	71
Suspense		791	791
Library Endowment	6,689	782	7,471
University College	11,174	679	11,853
Student Affairs	3,389	420	3,809
Medical Rehabilitation	872	10	882
Centre for Ukrainian Canadian Studies	69,695	2,418	72,113
Dept. of City Planning	2,902	67	2,969
Imperial Oil Fund	80,000	4,012	84,012
I.D.C. Donations	668,804		668,804
	19,347,459	8,642,431	27,989,890
Less: Loans to Students and Staff, Contra	8,123	74,248	82,371
Subtotal: The University Investment Trust Fund.	19,339,336	8,568,183	27,907,519

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Specific Trusts:			
Administrative Studies Associates Fund		595,817	595,817
F.W. Buchanan Memorial	10,000		10,000
Estate of Gertrude E. Childs	6,075	1,271	7,346
Joseph Doupe Building Fund		366,931	366,931
Lawrence Genser Music Scholarship	10,433	2,500	12,933
Hamilton Memorial Research Scholarship	20,000	4,263	24,263
Dr. Ellis J. Jarjour Fund	1,000	71	1,071
Maclachlan Charitable Trust Fund	150,000	116,924	266,924
Dr. Lorne E. MacLachlan Educational Endowment Fund	50,000	17,898	67,898
Manitoba Medical College	85,969	35,594	121,563
Medical Faculty Trust Fund	900,000	13,465	913,465
Archie Micay Q.C. LL.D. Award in Law	11,365	555	11,920
Mr. Justice & Mrs. I. Nitikman Prize	2,000	386	2,386
H.E. Sellers Chair of Medicine	1,539,000	197,348	1,736,348
Leslie Michael Shelton Memorial Scholarship	14,187	1,660	15,847
Unemployment Insurance Premium Reduction Fund		61,000	61,000
University of Manitoba Students' Union - University Centre Building Fund		170,391	170,391
Dr. Max Wachnow Orthodontic Scholarship	7,500	895	8,395
	2,807,529	1,586,969	4,394,498
Add: Loans to Students and Staff Made from Trust and Endowments Participating in the University Investment Trust Fund, Contra	8,123	74,248	82,371
Subtotal: Specific Trusts and Endowments	2,815,652	1,661,217	4,476,869
Total Trusts and Endowments, Schedule 15	$ 22,154,988	$ 10,229,400	$ 32,384,388

Manitoba

THE UNIVERSITY OF MANITOBA PENSION PLANS

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B, C and D and Schedule 1, of The University of Manitoba Pension Plans, being the University of Manitoba Pension Plan (1970) and The University of Manitoba G.F.T. Pension Plan (1986), for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba Pension Plans as at December 31, 1988 and the results of their operations for the year then ended in accordance with the accounting policies stated in notes 1 and 2 to the financial statements, applied except for the change in the method of accounting for investment in bonds as explained in note 11 to the financial statements, on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

March 30, 1989,
Winnipeg, Manitoba.

Statement A

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Statement of Net Assets Available for Contribution Accounts
As at December 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Held by Assurance Company (Schedule 1) (Note 2)	$ 15,043,202	$ 15,287,023
Held by a Trust Company (Schedule 1) (Notes 2, 11)	243,187,541	226,973,328
Contributions Receivable	98,144	167,972
Accrued Income Receivable	3,786,268	2,891,119
TOTAL	262,115,155	245,319,442
LIABILITIES		
Amounts Payable and Benefits in Process	598,233	3,009,811
NET ASSETS AVAILABLE FOR CONTRIBUTION ACCOUNTS	$261,516,922	$242,309,631
CONTRIBUTION ACCOUNTS:		
The University of Manitoba Pension Plan (1970)		
Members:		
Regular	$112,321,293	$104,081,350
Voluntary	5,040,082	5,196,525
	117,361,375	109,277,875
University:		
Regular	108,490,047	100,240,655
General	13,366,471	12,176,125
	121,856,518	112,416,780
	239,217,893	221,694,655
The University of Manitoba G.F.T. Pension Plan (1986)		
Members:		
Regular	9,220,871	8,922,812
Voluntary	1,445,570	1,339,978
	10,666,441	10,262,790
University Regular	11,555,543	10,352,186
Supplementary	77,045	
	22,299,029	20,614,976
NET ASSETS AVAILABLE FOR CONTRIBUTION ACCOUNTS	$261,516,922	$242,309,631

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

Statement B

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Statement of Change in Net Assets Available for Contribution Accounts
For the year ended December 31, 1988
(with 1987 figures for comparison)

	Member Accounts		University Accounts		Total	Total
	Regular	Voluntary	Regular	General	1988	1987
INCREASE IN ASSETS						
Contributions:						
Members	$ 6,587,962	$ 26,456	$	$	$ 6,614,418	$ 6,185,088
University			6,587,962		6,587,962	6,135,594
Transfer from other Plans	129,335	45,531	128,265		303,131	67,758
Withdrawal Credits				351,947	351,947	301,697
	6,717,297	71,987	6,716,227	351,947	13,857,458	12,690,137
Investment Income (Statement D)	9,781,321	471,861	9,421,612	1,172,696	20,847,490	17,563,839
	16,498,618	543,848	16,137,839	1,524,643	34,704,948	30,253,976
DECREASE IN ASSETS						
Transfer G.F.T. Pension Plan (1986) (Note 5)				19,518	19,518	
Retirement Benefits	5,701,230	627,173	5,381,291		11,709,694	10,460,475
Supplementary Pension (Note 7 [iii])				314,779	314,779	296,744
Refunds on Annuity Purchases	487,254	14,997	474,495		976,746	1,153,384
Transfers to other Plans	1,392,871	43,205	1,391,106		2,827,182	3,104,844
Benefits provided on members death	677,320	14,916	641,555		1,333,791	696,985
	8,258,675	700,291	7,888,447	334,297	17,181,710	15,712,432
NET INCREASE FOR THE YEAR	8,239,943	(156,443)	8,249,392	1,190,346	17,523,238	14,541,544
BALANCE AT JANUARY 1	104,081,350	5,196,525	100,240,655	12,176,125	221,694,655	207,153,111
BALANCE AT DECEMBER 31	$112,321,293	$5,040,082	$108,490,047	$13,366,471	$239,217,893	$221,694,655

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

Statement C

THE UNIVERSITY OF MANITOBA
G.F.T. PENSION PLAN (1986)

Statement of Change in Net Assets Available for Contribution Accounts
For the year ended December 31, 1988
(with 1987 figures for comparison)

	Member Accounts		University	Supplementary	Total	Total
	Regular	Voluntary	Regular		1988	1987
INCREASE IN ASSETS						
Contributions:						
University	$	$	$ 855,711	$	$ 855,711	$ 795,952
Transfer from other Plans						116,643
Withdrawal Credits				54,856	54,856	
Transfer from Pension Plan (1970) (Note 5)				19,518	19,518	
			855,711	74,374	930,085	912,595
Investment Income (Statement D)	834,570	127,435	993,761	2,671	1,958,437	1,636,235
	834,570	127,435	1,849,472	77,045	2,888,522	2,548,830
DECREASE IN ASSETS						
Retirement Benefits	158,766	2,351	164,895		326,012	363,175
Refunds on Annuity Purchases	5,484		11,222		16,706	15,039
Transfers to other Plans	291,458		370,515		661,973	653,386
Benefits provided on members death	80,803	19,492	99,483		199,778	
	536,511	21,843	646,115		1,204,469	1,031,600
NET INCREASE FOR THE YEAR	298,059	105,592	1,203,357	77,045	1,684,053	1,517,230
BALANCE AT JANUARY 1	8,922,812	1,339,978	10,352,186		20,614,976	19,097,746
BALANCE AT DECEMBER 31	$ 9,220,871	$1,445,570	$ 11,555,543	$ 77,045	$ 22,299,029	$ 20,614,976

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

Statement D

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Statement of Investment Income
For the year ended December 31, 1988
(with 1987 figures for comparison)

	1988	1987
ADDITIONS		
Assurance Company Deposits and Pooled Funds	$ 1,425,115	$ 994,743
Interest:		
Cash Balances	21,084	14,767
Short Term Notes	2,477,126	2,020,457
Mortgages	24,736	62,817
Government and Corporate Bonds	9,801,642	9,929,580
Dividends:		
Stock - Canadian	2,565,589	1,964,113
Stock - Foreign	656,917	665,942
Real Estate	455,777	309,589
Net Increase (Decrease) in accrued income at December 31	895,149	(21,405)
	18,323,135	15,940,603
Adjustments:		
Net realized gain on sale of securities	2,357,974	10,317,432
Adjustment relative to assets held by Trust Company of book values to market values for stocks and real estate pooled funds and for 1988 adjustment from amortized cost to market for bonds (Note 11)	2,785,412	(6,868,525)
Amortization of bond discount (Note 11)		421,325
	5,143,386	3,870,232
	23,466,521	19,810,835
DEDUCTIONS		
Administrative Expenses:		
External Agencies' management fees	529,882	494,670
University of Manitoba administration charge (Note 3)	130,712	116,091
	660,594	610,761
INVESTMENT INCOME AVAILABLE FOR ALLOCATION	$22,805,927	$19,200,074
ALLOCATED TO:		
The University of Manitoba Pension Plan (1970) (Statement B)	$20,847,490	$17,563,839
The University of Manitoba G.F.T. Pension Plan (1986) (Statement C)	1,958,437	1,636,235
	$22,805,927	$19,200,074

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Notes to the Financial Statements
December 31, 1988

ACCOUNTING POLICIES

1. The annual financial statements of the University of Manitoba Pension Plans, being the University of Manitoba Pension Plan (1970) and the University of Manitoba G.F.T. Pension Plan (1986), are prepared on an accrual basis. The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plans on an actuarial valuation basis.

2. For the purpose of preparing the financial statements and calculating the investment income to be distributed to the Contribution Accounts, the following basis of valuing assets is used:

   Held by Trust Company:

   Short Term Investments and Mortgages at cost.
   Bonds, Stocks and Real Estate Pooled Fund at market.

   Held by Assurance Company:

   Investments of the pooled funds are valued at market.

3. University of Manitoba administration charged to the Plans represents an expenditure for staff time committed to the daily administration of the Plans. All other administrative expenses which include computer facilities, office equipment and supplies, consulting and actuarial fees are borne by the University of Manitoba.

GENERAL COMMENTS

4. For the purpose of allocating investment income to the contribution accounts the investment income is determined quarterly. Investment income for a quarter consists of income and realized and unrealized capital gains or losses, except for unrealized capital gains or losses on mortgages. Expenses chargeable to the Plans are deducted before any distribution is made. Net investment income is distributed pro-rata to all accounts based on the number of units held by such accounts at the beginning of the quarter.

5. The University of Manitoba G.F.T. Pension Plan (1986) was established effective January 1, 1986 for staff members employed as Geographical Full-Time Staff of the Faculty of Medicine. At January 1, 1986, there was a transfer of the sum of the amounts described in the Memorandum of Agreement and Release signed by eligible staff members who had previously contributed to the University of Manitoba Pension Plan (1970). The 1986 transfer of liability from the University of Manitoba Pension Plan (1970) to the University of Manitoba G.F.T. Pension Plan (1986) terminated the staff member's membership in the former Plan. The establishment of the separate Plan did not involve any separation of assets. The current year transfer amount represents the accumulation at December 31, 1987 of forfeits arising since January 1, 1986 from that portion which was excluded from the benefit payable on death prior to retirement or was forfeited when a terminating Member elected a cash settlement of his or her pension accumulation.

6. The University of Manitoba Pension Plans are Trusteed Plans. The assets are held in the name of The Trustees of The University of Manitoba Pension Plan (1970). There are seven Trustees, one appointed by the Board of Governors of the University of Manitoba and six elected by the contributors to the Pension Plans from within the Plan membership. The University of Manitoba administers the Pension Plans under the terms of an agreement entered into with the Trustees dated December 31, 1973.

7. The University of Manitoba Pension Plan (1970)

   (i) Membership in the Plan is a condition of employment for staff members with a full-time continuing appointment, other than staff members eligible for membership in the University of Manitoba G.F.T. Pension Plan (1986). Part-time staff who meet specified requirements are eligible to become members of the Plan. Part-time staff employed for at least three years on a sessional basis or at least 50 percent of the standard worktime during each pay period must participate in the Plan. Staff appointed on or after January 1, 1984 who meet the employment and earnings requirement of the Pension Benefits Act of the Province of Manitoba must also participate in the Plan. The requirement is employment during two consecutive calendar years, in each of which basic salary has been at least equal to 25 percent of the Canada Pension Plan

Maximum Pensionable Earnings for that calendar year. Any part-time staff member employed for at least two consecutive years may elect to be a member of the Plan.

(ii) The Plan provides that each Member shall have:

(a) an Employee Contribution Account which is credited with the Member's regular contributions and the account's share of investment income,

(b) a University Contribution Account which is credited with contributions equal to the Member's regular contributions and the account's share of investment income.

At retirement the proceeds of the Member's two accounts are applied to purchase a life annuity from a licensed insurance company based on the election made by the Member. This is referred to as the Member's Basic Pension or Money Purchase Pension. The Plan provides that a retiring Member will receive a minimum pension based on an approved formula encompassing the average of the Member's best five years basic salary and years of service. To the extent that a Member's Money Purchase Pension is less than the guaranteed amount, the Member will receive a Supplementary Pension to increase the pension to the required level.

On termination of employment other than by retirement, a Member may elect to:

- have the proceeds of the two accounts either applied to purchase a life annuity from a licensed insurance company, or be transferred to another Registered Employee Pension Plan, or, provided the administrator of the Plan agrees to administer the Plan in accordance with the provision of the Pension Benefits Act of the Province of Manitoba, to a Registered Retirement Savings Plan or,

- receive a cash payment of their Employee Contribution Account, excluding any portion thereof which is subject to the locking-in requirements of the Pension Benefits Act of the Province of Manitoba. The locking-in applies equally to the University Contribution Account.

The benefit on death prior to retirement is equal to the Member's Contribution Accounts except that amount, if any, represented by the Member's University Contribution Account, contributions and earnings, between April 1, 1979 and December 31, 1984.

(iii) Since 1970, the Supplementary Pension payments have been made from the University General Account. Funds for the University General Account normally originate from the following:

(a) that portion of a Member's University Contribution Account which is excluded from the benefit payable on death prior to retirement or is forfeited when a terminating Member elects a cash settlement of his or her pension accumulation,

(b) the annual payment required to amortize the unfunded liability of the Plan, as established by the University's actuary, paid into the University General Account by the University from its Fund Account for Benefit Improvement and Maintenance,

(c) pro-rata share of net investment income.

8. The University of Manitoba G.F.T. Pension Plan (1986)

(i) Membership in the Plan is a condition of employment for staff members of the Faculty of Medicine who sign a Geographical Full-Time Agreement.

(ii) The Plan provides that each Member shall have:

A University Contribution Account which is credited with the University's regular contribution and share of investment income.

This account for any Member who was a Member of the University of Manitoba Pension Plan (1970) includes the University Contribution Account transferred from that Plan. Such Member also has an Employee Contribution Account which is credited with the Employee Contribution Account transferred and share of investment income.

At retirement the proceeds of the Member's account(s) are applied to purchase a life annuity from a licensed insurance company based on the election made by the Member. This is referred to as the Member's Basic Pension or Money Purchase Pension. The Pension Benefits Act of the Province of Manitoba requires that Members' Basic Pensions shall regardless of sex, be the same monthly amount. Annuities purchased from an insurer will, due to life expectancy, normally provide a lower benefit for a female than a male. To the extent that amounts are available in the Supplementary Account, the "equal benefit" requirement will be satisfied by providing females with a supplementary pension to bring them up to the Basic Pension that would have been paid to a male. Should these funds be insufficient, an alternative means of complying with the "equal benefits" requirement will be adopted.

On termination of employment other than by retirement, a Member may elect to:

- have the proceeds of the account(s) either applied to purchase a life annuity from a licensed insurance company, or be transferred to another Registered Employee Pension Plan, or, provided the administrator of the Plan agrees to administer the Plan in accordance with the provision of The Pension Benefits Act of the Province of Manitoba, to a Registered Retirement Savings Plan.

A Member who had contribution accounts transferred from The University of Manitoba Pension Plan (1970) may elect to receive in lieu of the above:

- a cash payment of their Employee Contribution Account, excluding any portion thereof which is subject to the locking-in requirements of the Pension Benefits Act of the Province of Manitoba. This component, as well as the component of the University Contribution Account which is subject to the lock-in, will be applied to provide income at retirement.

The benefit on death prior to retirement is the total of the Account(s) except that amount, if any, represented by the Member's University Contribution Account, contribution and earnings, between April 1, 1979 and December 31, 1984.

(iii) The purpose of the Supplementary Account is to provide Supplementary Pensions for female Members. Funds for the Supplementary Account normally originate from the following:

(a) that portion of a Member's University Contribution Account which is excluded from the benefit payable on death prior to retirement or forfeited when a terminating Member elects a cash settlement of his or her pension accumulation,

(b) pro-rata share of net investment income.

9. Actuarial valuations of the University of Manitoba Pension Plans were completed during 1988 as of December 31, 1987. The valuations reported that the Plans were fully funded with no requirement for special payments. The Valuation Reports have been filed with and accepted by the Manitoba Pension Commission. Valuation of the Plans will be undertaken again as of December 31, 1989.

10. The year-end market value of mortgages is disclosed as supplementary information only. Market value of mortgages is not used in the determination of investment income. The market figure shown for mortgages was taken from the investment summaries provided by the custodian, Canada Trust Company.

11. During the year, a prospective change was made in the basis of valuation of bonds held by the Trust Company to provide a more equitable distribution to members. Bonds, previously valued at amortized cost, are as at December 31, 1988, valued at market. The comparative data presented for the prior year has not been restated to reflect this change. The effect of this change has been to decrease the value of bonds held by the Trust Company and investment income by $1,696,094.

12. Comparative figures for the year ended December 31, 1987 have been restated where appropriate to conform with the presentation adopted for December 31, 1988.

Schedule 1

THE UNIVERSITY OF MANITOBA PENSION PLANS
Investments at December 31, 1988
(with 1987 figures for comparison)

	1988	1987
Held by Assurance Company; Market Value (Statement A) (Note 2)		
Transaction Account	$ 944,259	$ 812,103
Money Market Fund	2,242,164	2,679,808
Mortgage Fund (Cost, 1988 - $1,825,218; 1987 - $1,981,929)	1,779,048	1,935,204
Bond Fund (Cost, 1988 - $4,080,051; 1987 - $3,009,725)	4,018,963	2,946,234
Canadian Equity Index Fund (Cost, 1988 - $2,619,968; 1987 - $3,587,153)	3,010,798	3,927,521
Canadian Equity (Cost, 1988 - $731,147; 1987 - $744,405)	606,059	590,090
Foreign Equity Fund (Cost, 1988 - $1,143,810; 1987 - $1,155,290)	1,140,234	1,167,124
Real Estate Fund (Cost, 1988 - $1,177,865; 1987 - $1,135,385)	1,301,677	1,228,939
	$ 15,043,202	$ 15,287,023
Held by Trust Company (Statement A) (Note 2)		
Cash and Short Term Notes	32,622,814	34,106,121
Bonds - Canada, Provincial and Provincial Guaranteed (Cost, 1988 - $66,207,090; Market, 1987 - $66,864,381)	66,206,297	67,652,533
Bonds - Corporate (Cost, 1988 - $41,920,189, Market, 1987 - $35,970,084)	41,041,309	36,878,026
Stocks - Canadian, at market value (Cost, 1988 - $61,213,167; 1987 - $54,162,200)	75,022,050	64,004,518
Stocks - American Foreign, at market value (Cost, 1988 - $19,051,803; 1987 - $17,190,949)	24,817,313	20,860,757
Real Estate - Pooled Fund, at market value (Cost, 1988 - $ 2,944,100; 1987 - $ 2,944,100)	3,330,602	3,172,945
Mortgages (Market 1988 - $145,134; 1987 - $300,856) (Note 10)	147,156	298,428
	$243,187,541	$226,973,328

Manitoba

UNIVERSITY OF MANITOBA RESEARCH LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Balance Sheet of University of Manitoba Research Ltd. as at March 31, 1989, and the related Statement of Operations and Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University of Manitoba Resesearch Ltd. as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies set out in notes to the financial statements.

J. W. Singleton, CA,
Assistant Provincial Auditor.

June 7, 1989
Winnipeg, Manitoba

UNIVERSITY OF MANITOBA RESEARCH LTD.
Balance Sheet
As at March 31, 1989

ASSETS

Current Assets:	
Cash in Bank	$22,867
Accounts Receivable	47,172
Goods for Resale (Note 2.c)	400
	70,439
Investment in Subsidiary Corporation (Note 2.d)	3,086
	$73,525

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:	
Accounts Payable	$7,428
Due to Subsidiary	792
	8,220
Shareholder's Equity:	
Capital Stock:	
Authorized:	
200 Class I Common Shares	
Unlimited Class A non-cumulative, non-participating Preferred shares, redeemable at $100	
Issued:	
200 Class I Common Shares	200
Contributed Surplus (Note 5)	100,000
Deficit	34,895
	65,305
	$73,525

UNIVERSITY OF MANITOBA RESEARCH LTD.
Statement of Operations and Deficit
For the Year Ended March 31, 1989

Revenue:		
Contract Revenue		$275,949
Other		831
		276,780
Expenses:		
Accounting and Legal		9,404
Advertising		1,796
Bad Debts		9,224
Computer Expenses		11,499
Consulting Fees		68,198
Courier and Delivery		5,731
Depreciation		14,843
Duplicating		2,706
Maintenance and Repairs		316
Office Expenses		9,618
Postage and Mailing		5,369
Rent		11,000
Salaries, Wages and Benefits		238,561
Telephone		21,425
Travel and Business Promotion		8,660
		418,350
Net Operating Loss for the year before Adjustments		141,570
Adjustments:		
Gain on Disposal of Fixed Assets		3,404
Forgiveness by The University of Manitoba (note 3.b)		172,690
Write-down of Fixed Assets to Estimated Net Realizable Value (Note 2.c)		(5,305)
Adjustment of Prior Year's Net Income (Note 4):		
University of Manitoba Research Ltd.	(7,955)	
The University of Manitoba Research & Development Corporation	(4,086)	(12,041)
Net Income for the Year		17,178
Deficit, Beginning of Year		52,073
Deficit, End of Year		$34,895

UNIVERSITY OF MANITOBA RESEARCH LTD.
Notes to Financial Statements
For the Year Ended March 31, 1989

1. Status and Nature of the Corporation

University of Manitoba Research Ltd., (UMR), was incorporated as a wholly-owned subsidiary of The University of Manitoba in 1984. The Corporation was activated in August 1986 through the establishment of a Social Sciences Division.

The Social Sciences Division of the Corporation conducted primarily contract research and survey research in the social sciences for private and public enterprise. The Social Sciences Division ceased operations on August 31, 1988. The Corporation is currently inactive.

The University of Manitoba Research and Development Corporation, (UMRD), a wholly-owned subsidiary of University of Manitoba Research Ltd., was incorporated in 1984, activated in January 1988, and ceased operations in August 1988. The Corporation is currently inactive.

2. Significant Accounting Policies

(a) The financial statements have been prepared on the accrual basis.

(b) Recognition of Income:

Contract revenue is recognized using the percentage of completion method.

(c) Fixed Assets:

The Corporation provides for depreciation on fixed assets in order to amortize the cost of the assets over their useful lives.

Computer Equipment	25% per annum straight line
Furniture and Equipment	25% per annum straight line

Subsequent to the cessation of operations, the Corporation disposed of most of the fixed assets, and has written down the book value of the remaining fixed assets to their estimated net realizable value of $400.

(d) Investment in Subsidiary Corporation:

The investment in subsidiary corporation has been accounted for on the equity basis of accounting.

3. Services Provided by The University of Manitoba

(a) The University of Manitoba provides the services of certain of the senior officers of the Corporation at no charge to the Corporation.

(b) During the fiscal year, The University of Manitoba forgave University of Manitoba Research Ltd. an amount owing of $172,690.

This amount was owed to The University of Manitoba pursuant to payroll services provided to the Corporation for the period from May 1988 to March 31, 1989, and occupancy charges since the commencement of corporate operations.

4. Adjustment of Prior Year's Net Income

The Corporation's subsidiary adjusted it's prior year's net income as a result of a re-evaluation of the percentage of completion of a contract. The effect of this adjustment is to reduce the prior year's net income in UMRD by $4,086 and in UMR by $7,955.

5. Contributed Surplus

The University of Manitoba provided $100,000 in start-up funding from the University's Trust and Endowment Fund.

6. Comparative Figures

Since the operations were significantly different from the preceding year, comparative figures are not presented (See Note 1).

Manitoba

THE UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Balance Sheet of The University of Manitoba Research and Development Corporation as at March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statement presents fairly the financial position of the Corporation as at March 31, 1989 in accordance with the accounting policies set out in the notes to the financial statements.

J. W. Singleton, CA,
Assistant Provincial Auditor.

June 7, 1989,
Winnipeg, Manitoba.

THE UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT CORPORATION

Balance Sheet

As at March 31, 1989

ASSETS

Income Taxes Recoverable	$2,294
Due from University of Manitoba Research Ltd.	792
	$3,086

SHAREHOLDER'S EQUITY

Capital Stock:	
Authorized:	
200 Class I Common Shares	
Unlimited Class A non-cumulative, non-participating Preferred shares, redeemable at $100	
Issued:	
200 Class I Common Shares	$200
Retained Earnings:	
Beginning of Year, as previously stated	6,972
Adjustment to prior year's Net Income (Note 3)	(4,086)
End of Year	2,886
	$3,086

THE UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT CORPORATION
Notes to Financial Statements
For the Year Ended March 31, 1989

1. Status and Nature of the Corporation

The University of Manitoba Research & Development Corporation was incorporated as a wholly-owned subsidiary of University of Manitoba Research Ltd. in 1984. The Corporation was activated in January 1988, and ceased operations in August 1988. The Corporation is currently inactive.

2. Significant Accounting Policy

The financial statements have been prepared on the accrual basis.

3. Adjustment of Prior Year's Net Income

The Corporation adjusted the prior year's net income as a result of a re-evaluation of the percentage of completion of a contract. The effect of this adjustment is to reduce retained earnings as of April 1, 1988 by $4,086.

4. Comparative Figures

Since the operations were significantly different from the preceding year, comparative figures are not presented (See Note 1).

Manitoba

THE UNIVERSITY OF WINNIPEG

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedules 1 to 12, of The University of Winnipeg for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Winnipeg as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in the Summary of Accounting Principles and Practices applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA
Provincial Auditor

June 19, 1989,
Winnipeg, Manitoba.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF FINANCIAL POSITION
as at 31 March 1989
(with comparative figures for 1988)

ASSETS

	1989 $000	1988 $000
Cash	$	$ 301
Investments (Note 1 & Schedule 1)	2,286	2,712
Provincial Grants Receivable	102	199
Accounts Receivable & Prepaid Expenses (Note 2)	811	818
Inventory (Note 3)	347	375
	3,546	4,405
Investments Held for Trust and Endowment Fund (Note 1 & Schedule 1)	6,681	5,828
Fixed Assets: (Note 4)		
Buildings and Sites	47,393	46,727
Equipment and Furniture	10,724	10,000
Library Books	7,961	7,373
	66,078	64,100
	$76,305	$74,333

Approved by the Board of Regents

G. A. McKinnon
Chairman

R. P. Purves
Chairman, Finance Committee

LIABILITIES

	1989 $000	1988 $000
Bank Overdraft	$ 233	$
Accounts Payable	1,695	2,274
Deferred Income	508	702
Funds Held for Special Purposes	272	269
	2,708	3,245
Early Retirement Agreements (Note 12)	64	
Mortgage Payable (Note 5)	537	547
Fund Balances: (Statement II)		
Operating Fund		
University	108	52
Early Retirement Appropriation (Note 12)	(199)	
	(91)	52
Collegiate	57	116
Ancillary Services	101	346
Sponsored Research	310	233
Special Provisions	489	420
	866	1,167
Trust and Endowment Fund	6,663	5,896
	7,529	7,063
Investment in Fixed Assets (Schedule 2)	65,467	63,478
	$76,305	$74,333

See Summary of Accounting Principles and Practices and the Accompanying Notes and Schedules.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended 31 March 1989
(with comparative figures for 1988)

	-OPERATING FUND-		
	University $000 (Schedules 4 & 5)	Collegiate $000 (Schedule 6)	Ancillary Services $000 (Schedule 7)
Income:			
Government Grants	$19,280	$ 589	$
Student Fees	7,566	936	
Gifts, Grants & Bequests	104		
Investment Income	235		
Other Income	1,142	153	1,981
	28,327	1,678	1,981
Expenditure:			
Academic	17,698	1,222	
Research	104		
Library	2,046	16	
Academic Support	1,339		
Student Services & Awards	811	35	
Administration & General	3,428	102	
Plant Maintenance	2,690	60	
Other Expenditure	486	207	1,891
Equipment & Renovations	13	17	158
	28,615	1,659	2,049
Interfund Transfers (Schedule 3)	375	(40)	(177)
Net Change before Appropriations	87	(21)	(245)
Appropriations:			
Special Provisions	(31)	(38)	
Early Retirement (Schedule 11)	(199)		
Net Change for Year	(143)	(59)	(245)
Balances Beginning of Year	52	116	346
Balances End of Year, Statement I	$ (91)	$ 57	$ 101

Statement II

OPERATING FUND			TRUST and ENDOWMENT FUND $000 (Schedule 12)	TOTAL	
Sponsored Research $000 (Schedule 8)	Capital $000 (Schedule 9)	Special Provisions $000 (Schedule 10)		1989 $000	1988 $000
$	$1,120	$	$	$20,989	$19,812
				8,502	7,832
1,139			1,117	2,360	1,938
			457	692	627
	80		50	3,406	3,421
1,139	1,200		1,624	35,949	33,630
				18,920	17,887
1,116				1,220	1,431
			32	2,094	2,009
				1,339	1,396
			368	1,214	1,182
				3,530	3,194
				2,750	2,650
	40		171	2,795	2,832
	1,234			1,422	984
1,116	1,274		571	35,284	33,565
54	74		(286)		
77			767	665	65
		69			
				(199)	
77		69	767	466	65
233		420	5,896	7,063	6,998
$ 310	-	$489	$6,663	$ 7,529	$ 7,063

See Summary of Accounting Principles and Practices
and the Accompanying Notes and Schedules.

SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

A These financial statements have been prepared in accordance with generally accepted accounting principles for universities.

B The University employs fund accounting procedures in order to recognize restrictions placed upon the use of resources. Two funds are maintained - the Operating Fund and the Trust and Endowment Fund. However, to provide a total presentation for the University, these funds have been combined in the Statement of Financial Position.

C The Operating Fund contains the following fund account balances which reflect the various separately financed functions recognized by the Board of Regents within the University:

University - the general operating income and expenditure of the University.

Collegiate - income and expenditure of the Collegiate Division.

Ancillary Services - the operations of the bookstore, residences, food services and parking.

Sponsored Research - income and expenditure from sponsored research.

Capital - expenditures primarily funded by government capital grants.

Special Provisions - appropriations of fund account balances made by the Board for specific purposes.

D The Trust and Endowment Fund contains donations and bequests which may have restrictions on their use. Unless specified to the contrary, all funds are pooled for investment purposes and the resulting income is distributed to the individual accounts.

E These financial statements are prepared on an accrual basis, with the exception of Student Fees - Regular and Other, for which the portion relating to the period after 31 March is not deferred, and the government grant to the Collegiate Division, which is taken into income for the year ended 31 March.

F Capital expenditures are recorded during the year in the fund account from which they were made. At the fiscal year-end non replacement purchases are added both to the appropriate fixed asset account and to the offsetting account for investment in fixed assets. For replacement purchases, the cost is left at the amount recorded for the original assets. Accounts are reduced by the proceeds from the sale of assets, with any balance of the cost remaining in these accounts. No depreciation is charged.

G Equipment and renovation expenditures are charged to the departments incurring them, unless the expenditures are funded out of provincial miscellaneous capital grants or out of the Trust and Endowment Fund in which case the expenditures appear in the Capital Fund Account or in the Trust and Endowment Fund respectively.

H Assets being acquired under capital leases are not included in fixed assets until the option to purchase has been exercised.

Notes to the Financial Statements

1. Investments

Investments are recorded at cost. The Operating Fund's investments comprise short-term notes whose market value approximates their cost. The market value of the Trust and Endowment Fund is disclosed as supplementary information only.

2. Accounts Receivable

Student fees receivable form $40,018 (1988 - $51,286) of the accounts receivable balance, which also includes an allowance for doubtful accounts of $23,411 (1988 - $31,029).

3. Inventory

This balance comprises the Bookstore inventory of $312,307 (1988 - $336,462), and the Printing inventory of $34,565 (1988 - $38,908), both valued at the lower of cost or net realizable value.

4. Fixed Assets

The Fixed Assets are shown at the values established in the following appraisals with all subsequent additions recorded at cost, except for replacement purchases whose treatment is described in the Summary of Accounting Principles and Practices, Note F.

Land	Royal Trust Co.	31 March 1968
Buildings	National Appraisal Consultants Ltd.	31 March 1978
Equipment, Furniture and Library Books	General Appraisal Co.	21 February 1967

The balance for Buildings and Sites contains an amount of $74,071 which is not reflected in the offsetting Investment in Fixed Assets account. This comprises property acquisition costs during the period 1979 to 1984, for which government funding has not yet been received.

5. Mortgage Payable

This liability consists of:

Canada Mortgage and Housing Corporation 5 3/8% mortgage due 2 April 2012	$536,546 (1988 - $547,324).

The annual payments of $40,054 on the CMHC mortgage are financed by a special grant from the Provincial Government.

6. Interfund Balances

As of 31 March 1989, the Trust and Endowment Fund owed $178,239 (1988 - $177,743) to the Operating Fund.

7. Other Expenditure

Included in the expenditure totals on Statement II is an amount of $500,160 (1988 - $480,664) representing the Manitoba Health and Post Secondary Education Tax Levy.

8. Capital Lease

The University has under lease, with the option to purchase, approximately $542,490 (1988 - $505,000) of computer equipment. The latest lease expiry date is 31 March 1994. The leasing costs are charged to operating expenditure.

9. Property Taxes

Property taxes, except those on property held for future expansion and for investment, are not shown in the accounts of the University. The Universities Establishment Act provides that such property is not subject to taxation. During 1988-89, the Government of the Province of Manitoba provided the City of Winnipeg with a grant in lieu of taxes for the University amounting to $1,547,026 (1988 - $1,615,171).

10. Investment Income

The Trust and Endowment Fund investment income is shown net of administrative expenses. Net gains on sale of investments and capitalized income are shown as Other Income on Statement II.

11. University of Winnipeg Pension Plan

An actuarial valuation of the plan as at 31 December 1987 indicated a surplus of $442,000. Any unfunded liability that may arise from future valuations will have to be funded by the University, since this is a defined-benefit plan.

Certain additional pensions totalling $64,974 (1988 - $57,819) are paid out of the Operating Fund.

12. Early Retirement Plan

The University has entered into individual agreements with employees on the basis of an Early Retirement plan approved by the Board of Regents. The current arrangements, which will be in effect from 1 May 1988 to 31 December 1990, provide for retirement payments to be paid partly on retirement and partly on 1 January of the following three years. The University expects to fill the vacant positions thus created at a lower cost and the annual savings will first offset these retirement costs and then provide significant budgetary flexibility to the University in the future. The payback period for the amortization of these costs is estimated to average three years.

13. Computer Network

The Universities Grants Commission paid $25,740 (1988 - $25,740) to the University of Manitoba to provide computer services to the University of Winnipeg. This amount is not reflected in the accounts of the University of Winnipeg.

14. Reclassification of Comparative Figures

Certain 1988 comparative figures have been reclassified to conform with the financial presentation adopted for 1989.

Summary of Investments

Schedule 1

	31 March 1989 Market	31 March 1989 Cost	31 March 1988 Cost
Bonds and Debentures			
Government of Canada	$ 891,213	$ 905,672	$ 706,421
Provincial	652,134	712,295	794,312
Corporate	1,462,464	1,520,832	1,515,091
	3,005,811	3,138,799	3,015,824
Stocks	1,761,154	1,524,475	1,462,207
Property	360,000	287,408	287,408
Term Deposits	4,016,254	4,016,254	3,774,908
Total Investments	$9,143,219	$8,966,936	$8,540,347

Held for:			
Operating Fund, Statement I	$2,286,221	$2,286,221	$2,712,322
Trust and Endowment Fund			
Mennonite Studies	644,960	653,554	668,677
Pooled	6,212,038	6,027,161	5,159,348
Statement I	6,856,998	6,680,715	5,828,025
Total Investments	$9,143,219	$8,966,936	$8,540,347

Investment in Fixed Assets

Schedule 2

	31 March 1989	31 March 1988
Additions:		
Capital Fund Account		
Equipment and Furniture	$ 366,635	$ 104,108
Renovations	666,120	620,128
Mortgage Principal Reduction	10,779	10,222
University Fund Account		
Equipment and Furniture	303,873	563,487
Library Books	588,320	586,656
Renovations		10,600
Sponsored Research Account		
Equipment and Furniture	63,831	73,139
	1,999,558	1,968,340
Deductions:		
Proceeds from Disposals	(9,879)	(3,660)
	1,989,679	1,964,680
Balance Beginning of Year	63,477,678	61,512,998
Balance End of Year, Statement I	$65,467,357	$63,477,678

Interfund Transfers Schedule 3

	- - - - - - - - - - Operating Fund				- - - - - - - - - -	Trust and Endowment Fund
	University	Collegiate	Ancillary Services	Sponsored Research	Capital	
Other Income	$ 1,756	$	$	$	$	$ (1,756)
Research	(47,685)			54,030		(6,345)
Academic Expenditures	315,170		(177,457)			(137,713)
Administration and General Expenditures	106,512					(106,512)
Equipment and Renovations		(40,000)			73,915	(33,915)
31 March 1989, Statement II	$375,753	$(40,000)	$(177,457)	$54,030	$73,915	$(286,241)
31 March 1988	$152,230	-	-	$87,132	-	$(239,362)

University Income

Schedule 4

	1989	1988
Government Grants:		
Provincial		
Operating	$19,104,864	$18,328,864
Supplementary	166,012	68,544
Federal	8,901	140,635
	19,279,777	18,538,043
Student Fees:		
Regular	5,344,453	5,065,585
Spring and Summer	662,362	559,067
Non-Credit	1,240,377	786,419
Other	318,577	309,812
	7,565,769	6,720,883
Other Grants	104,647	95,075
Investment Income	234,829	232,575
Other Income:		
Contracts	1,126,146	1,302,693
Miscellaneous	15,712	20,109
	1,141,858	1,322,802
Total Income, Statement II	$28,326,880	$26,909,378

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Faculty of Arts and Science			
Anthropology	$ 295,985	$ 8,500	$
Biology	870,043	47,113	
Chemistry	535,899	14,622	
Classics	222,829	1,000	
Economics	368,921	3,743	
Education	143,049	2,672	
English	1,082,151	13,799	
French	375,212	4,976	
Geography	891,747	11,103	
German	144,521	2,904	
History	1,014,878	5,237	
Mathematics	631,511	23,423	
Philosophy	386,056	4,605	
Physics	367,451	11,581	
Political Science	542,482	7,021	
Psychology	1,124,832	27,834	
Recreation & Athletics	183,862	3,249	
Religious Studies	179,923	1,620	
Sociology	938,580	14,368	
Theatre	395,730	9,067	
Summer and evening	648,018	27,918	
Graduate Studies		25,698	
Faculty Travel			
Dean's Office	230,269	890,229	
Benefits			1,106,861
	11,573,949	1,162,282	1,106,861
Faculty of Theology	212,187	39,651	20,093
Other Instruction			
Continuing Education	554,925	412,863	42,428
Contracts	256,280	486,049	40,970
	811,205	898,912	83,398
Mennonite Studies - funded from Trust and Endowment Fund	74,564		5,803
Total Academic	12,671,905	2,100,845	1,216,155
Research			
Sub-total	12,671,905	2,100,845	1,216,155

Schedule 5

Other Expense	Recoveries	TOTAL	
		1989	1988
$ 10,760	$	$ 315,245	$ 308,436
93,062	(3,045)	1,007,173	988,766
67,485	(900)	617,106	580,591
1,230		225,059	203,993
5,514		378,178	370,813
10,136		155,857	161,447
33,461	(10,887)	1,118,524	935,687
3,399		383,587	372,766
45,087		947,937	873,629
2,042		149,467	189,014
7,697		1,027,812	1,076,849
20,857		675,791	643,312
5,476		396,137	377,094
19,492		398,524	390,162
6,981		556,484	557,241
41,715		1,194,381	1,135,092
12,121		199,232	190,699
2,998		184,541	187,598
8,664		961,612	885,124
23,307		428,104	411,189
74,416	(31,977)	718,375	650,150
26,986		52,684	49,608
85,625		85,625	74,583
402,520		1,523,018	1,455,601
		1,106,861	990,301
1,011,031	(46,809)	14,807,314	14,059,745
38,693	(583)	310,041	271,270
493,194	(50)	1,503,360	1,195,142
208,934		992,233	1,094,725
702,128	(50)	2,495,593	2,289,867
4,629		84,996	81,702
1,756,481	(47,442)	17,697,944	16,702,584
103,961		103,961	78,328
1,860,442	(47,442)	17,801,905	16,780,912

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Academic and Research - forward	12,671,905	2,100,845	1,216,155
Library		1,172,650	103,035
Academic Support			
Computing		341,319	43,629
Media		228,172	18,950
Technical Services		313,836	29,146
		883,327	91,725
Student Services & Awards			
Athletics		461,772	35,496
Counselling		207,455	18,185
		669,227	53,681
Administration and General			
Administration		1,074,853	156,353
Controller		527,716	47,109
Records and Admissions		487,020	42,462
Printing		227,075	23,355
External Relations		221,683	19,588
		2,538,347	288,867
Plant Maintenance			
Maintenance		935,809	114,887
Cleaning			
Repairs			
Utilities			
Insurance			
Security			
		935,809	114,887
Other Expenditure			
Equipment and Renovations			
TOTAL, Statement II	$12,671,905	$8,300,205	$1,868,350

Schedule 5

Other Expense	Recoveries	TOTAL	
		1989	1988
1,860,442	(47,442)	17,801,905	16,780,912
786,005	(15,912)	2,045,778	1,969,308
307,849	(28,548)	664,249	611,151
75,658	(15,343)	307,437	433,425
31,508	(6,661)	367,829	351,606
415,015	(50,552)	1,339,515	1,396,182
337,068	(242,665)	591,671	576,420
6,943	(13,134)	219,449	208,470
344,011	(255,799)	811,120	784,890
423,624	(67,307)	1,587,523	1,254,635
132,931	(88,260)	619,496	638,448
137,906		667,388	603,102
301,487	(378,229)	173,688	211,050
144,070	(5,037)	380,304	390,021
1,140,018	(538,833)	3,428,399	3,097,256
17,896	(260,592)	808,000	761,019
467,312		467,312	500,161
231,908		231,908	265,610
886,293		886,293	813,724
122,507		122,507	95,872
173,689		173,689	155,528
1,899,605	(260,592)	2,689,709	2,591,914
486,539		486,539	420,671
12,728		12,728	185,000
$6,944,363	$(1,169,130)	$28,615,693	$27,226,133

Collegiate Division Schedule 6

	1989	1988
Income:		
Provincial Government Grants	$ 588,919	$ 498,737
Student Fees	936,223	1,111,277
Other Income	152,447	134,806
Total Income	1,677,589	1,744,820
Expenditure:		
Salaries	1,107,868	1,099,832
Benefits	115,076	85,386
	1,222,944	1,185,218
Other Expenditure	206,369	234,725
Equipment and Renovations	16,920	44,986
Allocated Costs:		
Library	15,912	15,300
Student Services	35,244	40,104
Administration and General	101,448	96,400
Plant Maintenance	60,216	58,000
Total Expenditure	1,659,053	1,674,733
Interfund Transfer	(40,000)	
Net Change, Statement II	$ (21,464)	$ 70,087

Ancillary Services

	Bookstore	Residence
Income	$1,677,473	$ 60,872
Expenditure:		
Salaries and Benefits	172,483	5,802
Cost of Goods Sold	1,297,431	
Supplies and Expenses	64,116	23,497
Maintenance and Administration	67,380	41,844
	1,601,410	71,143
Equipment and Renovations		
	1,601,410	71,143
Net Income (Expenditure)	$ 76,063	$(10,271)
Interfund Transfers		
Net Income (Expenditure), Statement II		
Net Income (Expenditure) 1988	$ 18,318	$(22,878)

Schedule 7

Food Service	Parking	TOTAL	
		1989	1988
$ 128,141	$114,470	$1,980,956	$1,898,582
		178,285	170,163
		1,297,431	1,253,911
10,731	71,395	169,739	191,219
95,616	40,356	245,196	235,354
106,347	111,751	1,890,651	1,850,647
158,312		158,312	31,684
264,659	111,751	2,048,963	1,882,331
$(136,518)	$ 2,719	(68,007)	16,251
		(177,457)	
		$ (245,464)	$ 16,251
$ 18,223	$ 2,588		

	Balance 31 March 1988	Income	Expenditure	Interfund Transfers	Balance 31 March 1989
Natural Sciences & Engineering	$ 69,496	$ 356,037	$ 333,876	$	$ 91,657
Social Sciences & Humanities	115,719	171,450	159,828		127,341
Institute of Urban Studies	-	425,064	454,282	47,685	18,467
Others	47,305	187,262	168,260	6,345	72,652
		$1,139,813	$1,116,246	$ 54,030	
Balance End of Year, Statement II	$232,520				$310,117

Capital Schedule 9

	1989	1988
Income:		
Government Grants		
Provincial		
Renovations and Equipment Fund	$ 550,000	$634,924
Access Fund	30,000	
Universities Development Fund	500,000	100,000
Grant for Mortgage	40,054	40,055
	1,120,054	774,979
Other	79,969	19,515
	1,200,023	794,494
Expenditure:		
Equipment and Renovations	1,233,884	754,439
Other Expenditure - Mortgage	40,054	40,055
	1,273,938	794,494
Transfer from Trust and Endowment	33,915	
Transfer from Collegiate	40,000	
	73,915	
Net Change for Year, Statement II	-	-

Special Provisions

	Renovations and Equipment Replacement	Self Insurance	Career Adjustment
Balance Beginning of Year	$23,738	$33,160	$57,308
Additions	10,560		
Deductions		101	
Net Change for Year	10,560	(101)	
Balance End of Year, Statement II	$34,298	$33,059	$57,308

Committed Expenditures	Collegiate Development	Total
$130,945	$174,648	$419,799
123,557	37,625	171,742
102,309		102,410
21,248	37,625	69,332
$152,193	$212,273	$489,131

Early Retirement Appropriation

Schedule 11

	1989	1988
Total Payments and Obligations	$ 253,210	
Savings from Retirees Replacements	54,300	
Net Change for Year	(198,910)	
Balance End of Year, Statement II	$(198,910)	

Trust and Endowment Fund

	Scholarships and Bursaries	Mennonite Chair	Other Restricted
Current Accounts			
Additions:			
Gifts, grants & bequests	$ 212,415	$	$ 79,410
Investment Income	83,260	66,604	33,506
	295,675	66,604	112,916
Deductions:			
Library Books			31,628
Awards	367,992		
Other			14,377
	367,992		46,005
Transfer to Capital Account	(85,488)	15,124	(45,096)
Transfer to Operating Fund		(84,995)	(18,558)
Intrafund Transfers	152,791		(6,260)
Net Change for Year	(5,014)	(3,267)	(3,003)
Balance Beginning of Year	266,616	(15,124)	118,750
Balance End of Year	261,602	(18,391)	115,747
Capital Accounts			
Net gains on sale of investments			
Capitalized Income			
Transfer from Current Account	85,488	(15,124)	45,096
Intrafund Transfers	33,000		(176,096)
Balance Beginning of Year	1,157,207	668,678	609,605
Balance End of Year	1,275,695	653,554	478,605
Trust Fund Balance	$1,537,297	$635,163	$594,352

Schedule 12

Capital Campaign	Unrestricted		TOTAL	
	U of W Fund	General	1989	1988
$820,309	$ 5,135	$	$1,117,269	$ 570,858
6,904		266,625	456,899	394,910
827,213	5,135	266,625	1,574,168	965,768
			31,628	25,010
			367,992	356,994
156,200			170,577	253,327
156,200			570,197	635,331
(10,826)			(126,286)	(1,515,590)
(107,920)	(11,708)	(63,060)	(286,241)	(239,362)
3,022		(149,553)		
555,289	(6,573)	54,012	591,444	(1,424,515)
(68,036)	11,708	523,041	836,955	2,261,470
487,253	5,135	577,053	1,428,399	836,955
		4,292	4,292	13,082
		45,255	45,255	32,897
10,826			126,286	1,515,590
143,096				
		2,623,362	5,058,852	3,497,283
153,922		2,672,909	5,234,685	5,058,852
$641,175	$ 5,135	$3,249,962	$6,663,084	$5,895,807
			(Statement I)	(Statement I)

Manitoba

UNIVERSITY OF WINNIPEG PENSION PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedule 1, of the University of Winnipeg Pension Plan for the fiscal year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University of Winnipeg Pension Plan as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 11, 1989,
Winnipeg, Manitoba.

Statement I

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF FINANCIAL POSITION

as at 31 December 1988
(with comparative figures for 31 December 1987)

	31 December 1988	31 December 1987
ASSETS		
Cash	$ 346,360	$ 281,643
Accrued interest and dividends receivable	457,292	417,526
Investments - at cost, Schedule 1	33,168,128	30,029,974
	$33,971,780	$30,729,143
LIABILITIES		
Accounts payable	$ 276,645	$ 441,606
Due to University of Winnipeg Operating Fund	20,305	21,808
Reserve for Pension Benefits, Statement II	33,674,830	30,265,729
	$33,971,780	$30,729,143

Approved on behalf of the Pension Committee

L Jarman-Barnett

Statement II

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF RESERVE FOR PENSION BENEFITS

for the year ended 31 December 1988
(with comparative figures for the year ended 31 December 1987)

	31 December 1988	31 December 1987
ADDITIONS		
Contributions		
Members	$ 938,876	$ 831,634
University	938,876	831,634
Investment income	2,316,563	1,971,465
Realized gain on sale of securities	99,934	305,677
	4,294,249	3,940,410
DEDUCTIONS		
Payments to or on behalf of members		
Pensions to retired members	519,159	367,873
Refunds and transfers to other plans	187,834	174,903
	706,993	542,776
Administrative expenses		
Investment Manager's fees	85,675	83,280
Actuarial fees	15,784	4,315
Administrator's fees	9,807	8,676
Custodial fees	26,907	25,345
Other expenses	39,982	20,938
	178,155	142,554
NET CHANGE	3,409,101	3,255,080
BALANCE AT BEGINNING OF YEAR	30,265,729	27,010,649
BALANCE AT END OF YEAR, Statement I	$33,674,830	$30,265,729

Schedule 1

UNIVERSITY OF WINNIPEG PENSION PLAN

SUMMARY OF INVESTMENTS

as at 31 December 1988
(with comparative figures for 31 December 1987)

	31 December 1988			31 December 1987		
	Cost	Market	% of Market	Cost	Market	% of Market
Bonds	$17,205,002	$16,294,364	47.8	$15,918,733	$15,185,360	50.6
Stocks	12,537,097	14,379,837	42.2	10,650,954	11,377,259	37.9
Mortgages	17,393	17,393	0.0	24,726	24,726	0.1
Short-term	3,408,636	3,408,636	10.0	3,435,561	3,432,204	11.4
Total Investments, Statement I	$33,168,128	$34,100,230	100.0	$30,029,974	$30,019,549	100.0

UNIVERSITY OF WINNIPEG PENSION PLAN

Notes to the Financial Statements

as at 31 December 1988

1. Accounting Policies

These financial statements have been prepared on an accrual basis of accounting. Investments are carried at cost with no amortization of premium or discount.

2. The Pension Plan

The University of Winnipeg Pension Plan is a Trusteed Plan established 1 November 1977. Investors Group Trust Co. Ltd., as Trustee of the Plan, holds the assets of and administers the Pension Plan. The investment manager is Jarislowsky, Fraser Co. Ltd. A Pension Committee supervises the administration of the Plan, monitors the performance of investments, and makes policy recommendations to the Board of Regents.

3. Actuarial Valuation

These financial statements do not take into account actuarial valuations, and therefore do not reflect the financial position of the Plan on an actuarial valuation basis. In accordance with the Pension Plan, an actuarial valuation and report is required at least every 3 years.

An actuarial valuation of the University of Winnipeg Pension Plan was completed during 1988 as of 31 December 1987. This valuation showed a surplus of $3,281,000 before the implementation of certain improvements to the Plan benefits. The cost of these improvements, according to an actuarial review, has reduced the surplus to $442,000 as of 31 December 1987. Any unfunded liability that may arise from future valuations will be funded by the University since this is a defined-benefit plan.

4. Administrative Costs

The University of Winnipeg provides administrative services to the Plan. In 1988, an annual charge was assessed for staff salaries and benefits for these administrative services. The charge for 1988 is $20,000 and under the present arrangement will be increased annually by the increase in inflation. This charge is included on Statement II in other expenses.

Manitoba

VENTURE MANITOBA TOURS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 1989, the statements of operations and deficit and changes in cash resources and the schedule of general and administrative expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Venture Manitoba Tours Ltd. as at March 31, 1989 and the results of its operations and changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 30, 1989,
Winnipeg, Manitoba.

EXHIBIT A

VENTURE MANITOBA TOURS LTD.

Balance Sheet
as at March 31, 1989

	1989	1988
ASSETS		
Current assets:		
Cash on hand and in bank	$ 50,884	$ (10,551)
Accounts receivable	149,507	91,447
Inventories (Note 2(a))	76,263	80,582
Prepaid expenses	14,502	18,335
	291,156	179,813
Fixed assets (Notes 2(b),(c) and 3)	2,481,058	2,564,158
	$ 2,772,214	$ 2,743,971
LIABILITIES		
Current liabilities:		
Bank indebtedness (Note 4)	$ 1,240,000	$ 1,114,000
Accounts payable and accrued liabilities	243,107	244,611
Interest payable (Note 6)	-	232,251
Advance deposits	41,571	40,767
Current portion of obligation under capital lease	-	6,739
	1,524,678	1,638,368
SHAREHOLDER'S EQUITY		
Share capital (Note 5):		
Authorized - unlimited number of shares for unlimited maximum aggregate consideration		
Issued and fully paid - 3,643,500 shares	3,643,500	3,643,500
Contributed surplus	257,910	257,910
Deficit, Exhibit B	(2,653,874)	(2,795,807)
	1,247,536	1,105,603
	$ 2,772,214	$ 2,743,971

EXHIBIT B

VENTURE MANITOBA TOURS LTD.

Statement of Operations and Deficit for the year ended March 31, 1989

	1989	1988
Sales and other income (Note 7)	$ 3,151,632	$ 2,761,071
Cost of sales of food, beverage and gift shop	643,318	556,097
Gross profit	2,508,314	2,204,974
Departmental expenses:		
Salaries, wages and benefits	772,694	762,050
Other (Note 7)	410,189	327,962
	1,182,883	1,090,012
Departmental income	1,325,431	1,114,962
General and administrative expenses, Schedule 1	1,122,680	1,133,654
Income (loss) before depreciation, amortization, interest expense and extraordinary item	202,751	(18,692)
Depreciation and amortization	167,602	144,575
Interest expense	125,467	101,848
Loss for the year before extraordinary item	(90,318)	(265,115)
Extraordinary item (Note 6)	232,251	-
Income (loss) for the year	141,933	(265,115)
Deficit, beginning of year	(2,795,807)	(2,530,692)
Deficit, end of year, Exhibit A	$(2,653,874)	$(2,795,807)

EXHIBIT C

VENTURE MANITOBA TOURS LTD.

Statement of Changes in Cash Resources for the year ended March 31, 1989

	1989	1988
Cash provided by (used for):		
Operating activities:		
Income (loss) for the year	$ 141,933	$ (265,115)
Items not involving cash:		
Depreciation and amortization	167,602	144,575
	309,535	(120,540)
Net change in noncash working capital balances including extraordinary item (Note 6)	(289,598)	34,123
	19,937	(86,417)
Financing activities:		
Decrease in capital lease	-	(6,810)
Decrease in grant	-	(257,910)
Increase in contributed surplus	-	257,910
	-	(6,810)
Investment activities:		
Additions to fixed assets	(84,502)	(27,114)
Decrease in cash resources	(64,565)	(120,341)
Cash less bank indebtedness, beginning of year	(1,124,551)	(1,004,210)
Cash less bank indebtedness, end of year, Exhibit A	$(1,189,116)	$(1,124,551)

SCHEDULE 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1989

	1989	1988
Administration:		
Salaries, wages and benefits	$ 195,516	$ 208,206
Telephone	60,435	57,486
Legal and audit	35,781	14,296
Administrative services (Note 2(d))	400	23,408
Credit card discount	22,806	22,272
Insurance	8,350	29,207
Miscellaneous	13,060	11,987
Directors' expenses	33,472	28,375
Transportation	6,883	9,898
Equipment rental	13,996	18,422
Printing and stationery	17,571	24,547
Service charges	4,723	5,930
Bad debt expense	6,000	6,013
Postage	2,326	4,531
Membership fees	3,113	5,190
Personnel recruitment	479	142
Managers' expenses	4,672	5,396
	429,583	475,306
Energy and maintenance:		
Propane and hydro	158,505	154,285
Wages and benefits - maintenance staff	68,100	77,579
Maintenance services - Parks Branch	39,600	40,100
Vehicle expenses	9,885	8,920
Repairs	42,860	23,914
Equipment and parts	17,523	14,857
Miscellaneous	6,364	6,397
Air conditioning and refrigeration	8,238	5,519
Furniture	4,696	5,561
	355,771	337,132
Recreation department:		
Salaries and benefits	32,268	34,632
Equipment and supplies	5,841	4,260
	38,109	38,892

SCHEDULE 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1989

	1989	1988
Sales promotion:		
Advertising and promotion	76,790	46,285
Salaries and benefits - marketing staff	74,703	62,064
Printing and stationery	20,591	31,837
Miscellaneous	1,418	9,328
Travel	3,128	4,029
Office accomodation	6,225	9,203
	182,855	162,746
Staff costs:		
Employee meals	42,829	47,894
Staff training	1,250	119
Employee transportation	46,909	45,196
Utilities - staff quarters	20,931	19,719
Repairs - staff quarters	4,443	6,650
	116,362	119,578
Total general and administrative expenses, Exhibit B	$ 1,122,680	$ 1,133,654

VENTURE MANITOBA TOURS LTD

Notes to the Financial Statements
March 31, 1989

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1. Status of the Corporation and Nature of its Operations

The Company is incorporated under the Manitoba Corporations Act.

The Government of the Province of Manitoba owns the original portion of the Gull Harbour Resort and Conference Centre. The Company operates the resort for its own account, without rental charge, under a lease agreement with the Province. The resort is situated in the Hecla Provincial Park and is not subject to realty taxes.

In February, 1987, the Company assumed the management of the Hecla Golf Course under a three year agreement with the Government of the Province of Manitoba. The agreement provides that the Company pay an annual rent and operate the golf pro shop, and in return the Company retains all green fee revenue for its own account.(Notes 7 and 8). The Company and the Government of the Province of Manitoba are negotiating a new agreement with respect to both the management and maintenance of the golf course.

2. Significant Accounting Policies

(a) Inventories

Inventories are valued at the lower of cost, determined on the first-in-first-out method, and net realizable value.

(b) Fixed assets

The fixed assets, which do not include the original resort owned by the Province of Manitoba, are recorded at cost less applied grant funds and accumulated depreciation. Depreciation, with the exception of computer hardware and software and vehicles, is calculated on a straight-line basis at rates, shown below, which will amortize the cost over the estimated useful life of the assets.

Building addition	40 years
Leasehold improvements	5 to 40 years
Furniture and fixtures	10 years
Staff quarters	10 to 25 years
Computer hardware and software	30 percent declining balance
Parking lot	25 years
Vehicles	30 percent declining balance
Equipment under capital lease	10 years

VENTURE MANITOBA TOURS LTD.

Notes to the Financial Statements
March 31, 1989

(c) Equipment under Capital Lease

Assets which are acquired by way of long-term leases which are financing in nature are capitalized at fair market value less applied grant funds received and are included as fixed assets in the financial statements. The amounts included in fixed assets in respect of leased assets are at the fair market value (cost) of $31,201 less government grants of $15,601.(Note 3).

(d) Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides certain management and administrative services without charge to the Company. The costs of these services is estimated to be approximately $9,300 ($12,000-1988). These costs are not reflected in these financial statements.

3. Fixed Assets

The fixed assets shown on the balance sheet at March 31, 1989 are:

	1989			1988
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building addition	$ 1,681,406	$ 192,062	$ 1,489,344	$ 1,531,379
Leasehold improvements	573,015	182,187	390,828	412,662
Furniture and fixtures	570,053	277,777	292,276	331,102
Staff quarters	315,721	79,028	236,693	251,524
Computer hardware and software	41,382	12,394	28,988	-
Parking lot	28,968	4,055	24,913	26,071
Vehicles	22,391	11,395	10,996	2,840
Equipment under capital lease (Note 2(c))	15,600	8,580	7,020	8,580
	$ 3,248,536	$ 767,478	$ 2,481,058	$ 2,564,158

4. Bank Indebtedness

The Government of the Province of Manitoba has guaranteed a line of credit for the Company to a maximum of $1,750,000. During the year this maximum was increased by $500,000 from $1,250,000.

5. Share Capital

The issued share capital is owned by the Minister of Finance of the Government of the Province of Manitoba. The Company is authorized to issue unlimited numbers of shares for unlimited maximum aggregate consideration.

6. Extraordinary Item

Accrued and unpaid interest on advances of $2,200,000 from the Government of the Province of Manitoba amounted to $108,899 at March 31,1986. Accrued and unpaid interest on the balance of a grant of $257,910 from the Province amounted to $123,352 at March 31,1987. The Government of the Province of Manitoba suspended any further interest charges on the advances and grant. In October, 1988, by Order-in-Council 1266/88 this accrued interest totalling $232,251 was cancelled and discharged by the Province.

7. Hecla Golf Course Operations

Sales and other income includes green fee revenue of $399,063 ($299,221-1988) and departmental expenses - other includes expenses of $249,725 ($191,711 - 1988) pertaining to the golf course.

8. Commitment

Under the three year lease agreement referred to in Note 1, the Company pays an annual rent of $2,400 plus amounts equal to, in the first year, revenue collected in the previous year less $8,000, and in the second and third years, average revenue collected in the previous two years less $8,000. The agreement has one year remaining.

9. Contingent Liability

The Company is contingently liable for $148,656 in regards to a statement of claim filed by a contractor involving the building addition. No settlement has been reached to date and no provision has been made in the financial statements.

10. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

VENTURE MANITOBA TOURS LTD.

Notes to the Financial Statements
March 31, 1989

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11. Imputed Interest Cost Information

The following information is presented in accordance with a request by the Minister of Finance of the Government of the Province of Manitoba.

The annual carrying cost to the Government, for its average investment of $1,370,718 in share capital of the Company during the year as shown in the Public Accounts, calculated at the weighted average interest rate of 10.52% paid by the Government in respect of its debt for the fiscal year ended March 31, 1988, is $144,200.

12. Comparative Figures

Comparative figures have been restated where necessary to conform with the presentation adopted for the current year.

Manitoba

WESTARC GROUP INC.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Balance Sheet, and the Statement of Income and Retained Earnings, for Westarc Group Inc. for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Westarc Group Inc. as at March 31, 1989, and the results of its operations for the year then ended in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 29, 1989
Winnipeg, Manitoba

WESTARC GROUP INC.

Balance Sheet
As at 31 March 1989

ASSETS

	1989	1988
Current		
Due from Brandon University	$ 95,461	$ 100,654
Due from Brandon University Holding Company Limited	1	1
Accounts Receivable	81,003	39,859
Prepaid Expenses	600	
	177,065	140,514
Fixed Assets, note 3	11,591	15,078
	$ 188,656	$ 155,592

LIABILITIES & SHAREHOLDER'S EQUITY

	1989	1988
Current		
Accounts Payable	$ 4,587	$ 1,995
Deferred Revenues	25,915	-
	30,502	1,995
Share Capital, note 4	1	1
Retained Earnings	158,153	153,596
	158,154	153,597
	$ 188,656	$ 155,592

WESTARC GROUP INC.

Statement of Income and Retained Earnings
For the Year Ended 31 March 1989

	1989	1988
REVENUES	$ 409,895	$ 514,292
Project Costs	260,920	342,089
GROSS MARGIN	148,975	172,203
OPERATING EXPENSES		
Salaries and Benefits	101,333	105,060
Travel	8,338	10,639
Postage and Supplies	5,115	2,020
Advertising	2,589	602
Telephone	5,427	4,367
Legal and Audit	2,394	30
Consulting	4,372	4,051
Repairs and Maintenance	4,045	927
Miscellaneous	1,411	1,199
Depreciation and Amortization	4,394	4,213
Bad Debts	-	200
	139,418	133,308
NET INCOME FOR THE YEAR	9,557	38,895
Retained Earnings, beginning of year as previously stated	155,591	124,701
Less Prior period adjustment, note 5	1,995	-
Retained Earnings, begining of year as restated	153,596	124,701
AVAILABLE FOR DISTRIBUTION	163,153	163,596
Less Dividends Paid	5,000	10,000
RETAINED EARNINGS, End of Year	$ 158,153	$ 153,596

WESTARC GROUP INC.

Notes to Financial Statements
For the Year Ended 31 March 1989

1. STATUS AND NATURE OF THE CORPORATION

WESTARC Group Inc. was incorporated as a wholly-owned subsidiary of Brandon University Holding Company Limited in 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the company:

a) The financial statements have been prepared in accordance with generaly accepted accounting principles.

b) Depreciation and amortization is provided in the accounts as follows:

Equipment - 5 years straight line basis
Designs - 20 years straight line basis

c) Revenues are recognized using the percentage of completion method.

3. FIXED ASSETS

	1989		1988	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Designs	$ 2,968	$ 444	$ 2,968	$ 296
Equipment	21,230	12,163	20,323	7,917
	$ 24,198	$ 12,607	$ 23,291	$ 8,213
Cost less accumulated depreciation	$ 11,591		$ 15,078	

4. SHARE CAPITAL

Authorized
Unlimited Number of One Class Common Shares

Issued One Common Share	$1	$1

5. PRIOR PERIOD ADJUSTMENT

As a result of the over advancement of funds on the 'Canadian/Manitoba Agreement on Employability Enhancement for Social Assistance Recipients', the balance of Retained Earnings at April 1, 1989 has been adjusted. This over advancement was applicable to the March 31, 1988 fiscal year.

6. GENERAL COMMENTS

Brandon University provides the Company with various administrative services at no cost.

7. RESTATEMENT OF ACCOUNTS

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1989.

WINTEMUTE
RANDLE
KILIMNIK

CHARTERED ACCOUNTANTS

Auditors' Report

To the Members of the Board
The Whitemud Watershed Conservation District

We have examined the balance sheet of The Whitemud Watershed Conservation District as at March 31, 1989 and the statements of revenue and expenditures and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wintemute Randle Kilimnik

Chartered Accountants

Winnipeg, Manitoba
May 18, 1989

Statement 1

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Balance Sheet
As At March 31, 1989

Assets

	1989	1988
Current		
Cash	$230,622	$167,650
Accounts receivable	4,649	10,147
Inventory, note 1	44,324	46,787
Prepaid expenses	534	14,267
	280,129	238,851
Fixed, notes 1 and 2	85,511	104,787
	$365,640	$343,638

Liabilities

	1989	1988
Current		
Accounts payable and accrued expenses	$ 18,506	$ 14,349
Customer deposits	352	608
Unearned Municipal Levies	8,343	3,147
Current portion of long-term debt	2,700	2,500
	29,901	20,604
Long-term debt		
Lease payable, note 3	-	2,700
	29,901	23,304

Surplus

	1989	1988
Watershed programs		
Sub-district program - statement 2	28,559	11,551
General board program - statement 3	136,816	147,197
Equipment program - statement 4	71,505	62,165
Inventory program - statement 5	32,912	33,565
Rosedale Farm program - statement 6	13,074	15,967
Canada - Manitoba Agri-Food Development program - statement 7	5,842	3,610
	288,708	274,055
Emergency reserve	30,000	30,000
Sick leave reserve, note 4	17,031	16,279
	335,739	320,334
	$365,640	$343,638

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Sub-District Program
For The Year Ended March 31, 1989

	Willowbend Creek #35	Westbourne Drain #36	Squirrel Creek #37	Pine Creek #38	Central Whitemud #39	Upper Whitemud #40	Big Grass Marsh #42	Big Grass River #43	1989	1988
Revenue										
Municipal levies	$ 24,211	$ 24,550	$ 13,121	$ 21,565	$ 27,400	$ 13,816	$ 22,351	$ 44,555	$191,569	$172,957
Province of Manitoba	71,900	97,167	29,504	66,813	61,591	12,529	38,477	227,115	605,096	584,078
Grants	-	1,500	-	-	-	-	-	-	1,500	4,000
	96,111	123,217	42,625	88,378	88,991	26,345	60,828	271,670	798,165	761,035
Expenditure										
Channel maintenance										
Grassed waterways	-	-	-	-	50,203	12,381	-	-	62,584	103,928
Silt removal	42,144	10,948	14,453	4,716	-	-	14,193	8,032	94,486	67,546
Vegetation control	12,873	31,480	5,067	17,750	14,046	4,324	11,268	29,174	125,982	102,822
Miscellaneous	-	-	-	6,943	1,743	-	7,162	21,155	37,003	20,352
Crossings										
Repairs	17,757	6,386	3,070	3,876	998	-	9,395	12,894	54,376	60,960
Replacement	-	4,414	1,385	6,005	15,132	-	9,285	9,858	46,079	100,373
Water storage	-	17,549	-	-	-	-	-	-	17,549	18,021
Capital works	24,742	62,977	16,461	49,053	-	-	-	189,865	343,098	293,242
	97,516	133,754	40,436	88,343	82,122	16,705	51,303	270,978	781,157	767,244
Excess (deficiency) of revenue over expenditures	(1,405)	(10,537)	2,189	35	6,869	9,640	9,525	692	17,008	(6,209)
Surplus (deficit), beginning of year	(6,390)	11,487	(7,660)	(2,332)	2,444	8,158	(2,138)	7,982	11,551	17,760
Surplus (deficit), end of year	$ (7,795)	$ 950	$ (5,471)	$ (2,297)	$ 9,313	$ 17,798	$ 7,387	$ 8,674	$ 28,559	$ 11,551

Statement 3

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
General Board Program
For The Year Ended March 31, 1989

	1989	1988
Revenue		
Province of Manitoba	$223,314	$184,846
Municipal contributions	-	18,612
Direct charges	1,227	-
Interest earned	24,007	24,163
Individual contributions	71,486	26,607
Transfer from equipment program	2,415	13,210
Agri-Food Canada share of equipment	2,695	5,260
Federal grant	3,722	2,931
	328,866	275,629
Expenditures		
Administrative		
Watershed manager salary and expenses	40,855	37,512
Secretary-Treasurer and secretary salaries	16,640	16,039
Board members remuneration and expenses	15,740	12,410
Professional fees	2,646	4,745
Rent	2,400	2,400
Office supplies	10,167	7,575
Insurance	1,000	1,106
Depreciation	505	482
Public relations	366	496
Miscellaneous	854	767
Small tool purchases	1,930	930
Summer student	5,287	4,330
Photocopy supplies	312	-
	98,702	88,792
Specific Programs		
Gully stabilization	864	-
Conservation corridors	11,334	-
Big Grass Marsh management plan	16,808	-
Forage crops	129,994	92,307
Shelter belts	28,353	21,034
Shelter belt weed control	13,265	12,874
Wild lands	13,113	7,768
Resource extension and public education	22,811	24,135
Demonstrations	2,776	4,324
	239,318	162,442
Direct expenses	1,227	-
	339,247	251,234
Excess (deficiency) of revenue over expenditures	(10,381)	24,395
Surplus, beginning of year	147,197	122,802
Surplus, end of year	$136,816	$147,197

Statement 4

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditure And Surplus
Equipment Program
For The Year Ended March 31, 1989

	1989	1988
Revenue		
Rentals	$ 60,718	$ 62,373
Gain on disposal of equipment	-	14,155
	60,718	76,528
Expenditures		
Fuel and oil	7,193	9,330
Repairs and maintenance	14,894	13,298
Insurance and licences	1,240	945
Depreciation	21,212	17,631
Wages	4,424	3,847
Transfer to General Board program	2,415	13,210
	51,378	58,261
Excess of revenue over expenditures	9,340	18,267
Surplus, beginning of year	62,165	43,898
Surplus, end of year	$ 71,505	$ 62,165

Statement 5

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Earnings And Surplus
Inventory Program
For The Year Ended March 31, 1989

	1989	1988
Sales	$ 25,893	$ 17,431
Cost of sales		
Inventory - beginning of year	46,787	54,246
Purchases	21,138	8,385
	67,925	62,631
Inventory - end of year	44,324	46,788
	23,601	15,843
Gross profit	2,292	1,588
Expenditures		
Wages	1,145	390
Insurance	225	184
Yard maintenance	1,256	752
Depreciation	319	319
	2,945	1,645
Net loss	653	57
Surplus, beginning of year	33,565	33,622
Surplus, end of year	$ 32,912	$ 33,565

Statement 6

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Rosedale Farm Program
For The Year Ended March 31, 1989

	1989	1988
Revenue		
Forage sales	$ 1,875	$ 10,296
1/3 - 1985 crop share	1,487	-
	3,362	10,296
Expenditures		
Fertilizer and renovating	5,014	885
Miscellaneous	166	24
Harvesting	1,075	3,082
	6,255	3,991
Excess (deficiency) of revenue over expenditures	(2,893)	6,305
Surplus, beginning of year	15,967	9,662
Surplus, end of year	$ 13,074	$ 15,967

Statement 7

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Canada - Manitoba Agri-Food Development Program
For The Year Ended March 31, 1989

	Department of Agriculture Province of Manitoba	Prairie Farm Rehabilitation Administration	Total 1989	Total 1988
Revenue				
Department of Agriculture - Province of Manitoba	$ 14,293	$ -	$ 14,293	$ 16,022
Prairie Farm Rehabilitation Administration	-	11,780	11,780	19,216
	14,293	11,780	26,073	35,238
Expenditures				
Critical area treatment	449	-	449	1,000
Conservation tillage	2,300	3,232	5,532	7,484
Green manual	500	-	500	-
Salinity management	-	100	100	144
Shelterbelts	4,490	2,750	7,240	7,684
Administration and extension	4,341	1,284	5,625	8,309
Equipment purchases	-	2,695	2,695	4,210
Equipment rent	-	1,700	1,700	2,125
	12,080	11,761	23,841	30,956
Excess of revenue over expenditures	2,213	19	2,232	4,282
Surplus, beginning of year	707	2,903	3,610	(672)
Surplus, end of year	$ 2,920	$ 2,922	$ 5,842	$ 3,610

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Notes To Financial Statements
March 31, 1989

1. Significant accounting policies

a) Entity definition

The Whitemud Watershed Conservation District was established by an Order-in-Council of the Province of Manitoba on March 22, 1972. The District receives funding from the Province of Manitoba and certain municipalities and is governed by a board of directors from the various municipalities involved in the conservation district.

b) Inventory

Inventory is valued at cost and determined on a first-in first-out basis.

c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is recorded on the straight line method at the following rates:

Building	5%
Fence	5%
Equipment	15%
Pump equipment	50%

2. Fixed assets

The following is a summary of the fixed asset and accumulated depreciation accounts:

	1988	Additions	Disposals	1989
Fixed assets				
Land	$ 1,835	$ -	$ -	$ 1,835
Building	14,783	-	-	14,783
Fence	5,339	-	-	5,339
Equipment	161,199	2,760	-	163,959
Pump equipment	261	-	-	261
	183,417	2,760	-	186,177
Accumulated depreciation				
Building	7,577	740	-	8,317
Fence	3,136	267	-	3,403
Equipment	67,656	21,029	-	88,685
Pump equipment	261	-	-	261
	78,630	22,036	-	100,666
Net book value	$104,787			$ 85,511

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Notes To Financial Statements
March 31, 1989

3. Lease payable

The lease payable is in regard to the purchase of a weigh wagon with payment through a lease agreement over a four year period. The Canada - Manitoba Agri-Food Development Program will pay 85% of this lease, with The Whitemud Watershed Conservation District paying the remaining 15%.

	1989	1988
Long-term	$ 2,700	$ 5,200
Less, current portion	2,700	2,500
	$ -	$ 2,700

4. Sick leave reserve

The reserve has been established to recognize the accrual of sick leave of the employees. The employees accrue sick leave at the rate of one and one-quarter days per month employed. At March 31, 1989, the aggregate amount of possible claims was $69,853.

KPMG Peat Marwick

Chartered Accountants

1200-447 Portage Avenue
Winnipeg, Manitoba R3B 3H5

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Telecopier (204) 943-0350

AUDITORS' REPORT

To The Workers Compensation Board of Manitoba:

We have examined the balance sheet (being Exhibit I) of The Workers Compensation Board of Manitoba as at December 31, 1988 and the accompanying financial statements (being Exhibits II to VI) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in Note 2 to the financial statements applied, after giving retroactive effect to the changes in accounting policies as described in Note 9 to the financial statements, on a basis consistent with that of the preceding year.

Peat Marwick

Chartered Accountants

Winnipeg, Canada

April 17, 1989

EXHIBIT I

BALANCE SHEET

December 31, 1988 with comparative figures for 1987
(000's)

	1988	1987
ASSETS		
Receivables (note 3)	$ 1,988	$ 1,378
Investment in securities as authorized by The Trustee Act, Manitoba (note 4)	179,250	159,836
Short-term deposits (note 5)	55,938	37,268
Receivable - The Province of Manitoba (note 6)	16,386	-
Accrued interest on investments	3,986	3,512
Fixed assets (note 7)	1,019	1,046
Total	$258,567	$203,040
LIABILITIES AND RESERVES		
Accounts payable and accrued liabilities	$ 2,165	$ 962
Deferred revenue	1,305	1,091
	3,470	2,053
Provisions for future payments:		
Pension obligations	274,948	251,024
Future cost of existing claims	187,316	164,095
Future cost of second injuries	14,845	13,068
	477,109	428,187
Total liabilities	480,579	430,240
Disaster Reserve	10,000	-
Accumulated Unfunded Liabilities and Reserve (Exhibit IV)	(232,012)	(227,200)
Total	$258,567	$203,040

The Workers Compensation Board of Manitoba

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

Commissioner

Elaine Smith

Chairperson

EXHIBIT II

STATEMENT OF OPERATIONS - CLASS E GENERAL EMPLOYERS POOL

For the Year Ended December 31, 1988 with comparative figures for 1987
(000's)

	1988	1987
Revenues:		
Assessment revenue less provision for doubtful accounts	$117,524	$ 96,521
Interest income	22,411	21,908
	139,935	118,429
Operating costs:		
Compensation, inclusive of pensions awarded	58,853	52,737
Medical aid	10,700	9,943
Rehabilitation	8,407	6,724
Provision for future costs	54,459	45,997
	132,419	115,401
Administration	15,700	13,511
	148,119	128,912
Excess of operating costs over revenues	$ (8,184)	$ (10,483)

he Workers Compensation
Board of Manitoba

The accompanying notes are an integral part of these financial statements.

EXHIBIT III

STATEMENT OF OPERATIONS - OTHER CLASSES

For the Year Ended December 31, 1988 with comparative figures for 1987
(000's)

	1988	1987
Revenues:		
Assessment revenue	$10,981	$10,132
Interest (expense) income	(32)	8
Other		13
	10,949	10,153
Operating costs:		
Compensation, inclusive of pensions awarded	5,879	5,180
Medical aid	1,472	1,355
Rehabilitation	652	933
Administration	2,096	2,020
Interest on pension amendments	372	351
	10,471	9,839
Excess of revenues over operating costs before provision for future costs	478	314
Increase (decrease) in provision for future costs	3,492	(3,290)
(Deficiency) excess of revenues over operating costs	$ (3,014)	$ 3,604

The accompanying notes are an integral part of these financial statements.

EXHIBIT IV

STATEMENT OF ACCUMULATED UNFUNDED LIABILITIES AND RESERVE

For the Year Ended December 31, 1988 with comparative figures for 1987
(000's)

	Class E	Other Classes	1988 Total	1987 Total
Accumulated unfunded liabilities, beginning of year, as previously reported	$ (95,593)	$ -	$(95,593)	$ (84,275)
Effect of changes in accounting policies (note 9)	(100,864)	(30,743)	(131,607)	(136,046)
Accumulated unfunded liabilities, beginning of year, as restated	(196,457)	(30,743)	(227,200)	(220,321)
Excess of operating costs over revenues	(8,184)	(3,014)	(11,198)	(6,879)
Transfer to Disaster Reserve	(10,000)	-	(10,000)	-
Contribution - The Province of Manitoba (note 6)	16,386	-	16,386	-
Accumulated unfunded liabilities and reserve, end of year	$(198,255)	$(33,757)	$(232,012)	$(227,200)

The accompanying notes are an integral part of these financial statements.

The Workers Compensatio
Board of Manitoba

EXHIBIT V

ADMINISTRATION EXPENSES AND OTHER CHARGES

For the Year Ended December 31, 1988 with comparative figures for 1987
(000's)

The Workers Compensation Board of Manitoba

	1988	1987
Administration expenses:		
Staff and service costs	$ 9,820	$ 8,722
Data processing	1,000	1,059
Supplies and services	559	511
Communications	600	576
Building operations	510	477
Legislative Review Committee	-	174
Depreciation	202	189
Professional fees	2,162	1,982
Grants	21	20
Other	81	18
	14,955	13,728
Other charges (note 8):		
Charges under The Workplace Safety and Health Act	3,118	2,322
Expenses of Worker Advisors under Section 108(3) of The Workers Compensation Act	363	265
Implementation Team for Workers Compensation Reform	361	77
	3,842	2,664
Total administration expenses	18,797	16,392
Less recoveries:		
The Government of Canada for administering its employees' compensation program	835	710
The Government of the Province of Manitoba for administering The Criminal Injuries Compensation Act	166	151
Total recoveries	1,001	861
Total charged to Classes	$17,796	$15,531

The accompanying notes are an integral part of these financial statements.

EXHIBIT VI

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1988 with comparative figures for 1987
(000's)

	1988	1987
Operating activities:		
Excess of operating costs over revenues	$(11,198)	$ (6,879)
Add (deduct): items not requiring an outlay of cash:		
Pension awards	22,216	19,900
Provision for future costs	57,983	40,003
Depreciation	164	284
Amortization of discount	(207)	(213)
Payments from the provisions for future payments:		
Pension obligations	(25,766)	(23,213)
Future cost of existing claims	(2,771)	(3,459)
Future cost of second injuries	(2,740)	(2,626)
Net changes in non-cash balances relating to operations:		
Receivables	(610)	(281)
Accounts payable and accrued liabilities	1,203	731
Deferred revenue	214	524
Cash provided by operations	38,488	24,771
Investment activities:		
Proceeds on maturity of investments	6,055	3,966
Purchase of investments	(25,262)	(21,658)
Change in accrued interest on investments	(474)	(501)
Cash applied to investment activities	(19,681)	(18,193)
Financing activities:		
Contribution - The Province of Manitoba	16,386	-
Receivable - The Province of Manitoba	(16,386)	-
Cash provided by (applied to) financing activities	-	-
Additions to fixed assets	(137)	-
Increase in short-term deposits during the year	18,670	6,578
Short-term deposits, beginning of year	37,268	30,690
Short-term deposits, end of year	$ 55,938	$ 37,268

The accompanying notes are an integral part of these financial statements.

The Workers Compensation Board of Manitoba

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

The Workers Compensation Board of Manitoba

1. AUTHORITY AND OPERATIONS

The Workers Compensation Board operates under the authority of The Workers Compensation Act, Statutes of Manitoba, Chapter W-200, as amended.

The operations of the Board are categorized in accordance with the Act, into the following employer classes:

Class E - The general body of employers in Manitoba
Other Classes:
Class A - Canadian Pacific Railway Company and its subsidiaries
Class B - Canadian National Railway Company and its associated companies
Class C - The Crown in right of Manitoba and agencies of the Government
Class D - The City of Winnipeg

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following accounting policies which are considered appropriate for this organization:

a) INVESTMENTS

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized on a straight-line basis over the remaining term to maturity of the investment.

Investment income is allocated to the Class E and Other Classes funds, the individual provisions for future payments and reserves based on the average monthly balances of each fund or reserve.

The estimated market value of the investments has not been disclosed as the general policy of the Board is to hold investments until their maturity.

b) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. The building is being depreciated over 30 years, pursuant to Section 94(15) of The Workers Compensation Act. All other assets are being depreciated on a straight-line basis over their estimated useful lives, as follows:

Building renovations	10 years
Automobiles	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

c) LEGISLATED PENSION AMENDMENTS

The cost of anticipated future increases in pension benefits due to legislated amendments to The Workers Compensation Act is provided for, on an estimated basis, by applying a discount rate of 3% to pension awards during the year. The cost attributed to the Class E employers for these increased benefits is recovered from the annual assessment revenue of that class. The cost attributed to the Other Classes employers for these increased benefits is recovered with interest within a seven year period from the effective date of the legislated amendment (see note 9).

d) PROVISIONS FOR FUTURE PAYMENTS

(i) PENSION OBLIGATIONS

Capitalized values of pensions awarded are credited to the pension obligations provision which is then charged with pensions paid. The capitalized values are calculated using a 3% discount rate which provides for the estimated cost of anticipated future increases in pension benefits due to legislated amendments to The Workers Compensation Act. (see note 9).

The pension obligations provision was most recently confirmed as adequate by an actuarial review completed as at December 31, 1985. The next independent actuarial review will be performed as at December 31, 1989.

The Board made an estimate of its liability in respect of pensions awarded prior to December 31, 1988 which confirmed the adequacy of the year-end pension obligations provision. This estimate was made using a 3% discount rate and the methodology used in the December 31, 1985 independent actuarial review.

(ii) FUTURE COST OF EXISTING CLAIMS

This provision is the estimated amount required to meet the future cost of compensation, rehabilitation, medical aid, pension awards and administration of claims incurred prior to December 31, 1988 for all employer classes. (see note 9).

(iii) FUTURE COST OF SECOND INJURIES

This provision is the estimated amount required to meet the future cost of compensation, rehabilitation, medical aid and pension awards of claims incurred prior to December 31, 1988 for workers in Class E suffering enhanced disabilities due to pre-existing conditions or disabilities arising from the work place. (see note 9).

(iv) ACTUARIAL REVIEW

An independent actuarial review as at December 31, 1988 established the adequacy of the provision for future cost of existing claims and the provision for future cost of second injuries.

e) DISASTER RESERVE

The Disaster Reserve is a reserve to recognize costs that could arise from a disaster or extraordinary circumstance which the Board considers could unfairly burden certain employers of Class E.

The Disaster Reserve was established by the Board in 1988 as a transfer from the Class E accumulated unfunded liability.

f) ASSESSMENT REVENUE

(i) CLASS E EMPLOYERS

Assessment revenue is determined on the basis of estimated payrolls for the current year as reported by employers and the applicable industry assessment rate. Assessment revenue includes revisions to 1987 assessments based on actual payrolls for 1987 as reported by employers.

(ii) OTHER CLASSES EMPLOYERS

Assessment revenue represents the cash reimbursement to the Board for actual disbursements made on behalf of the Other Classes and for capitalized pensions which are charged to these classes.

g) EMPLOYEE PENSION PLAN

The Employee Pension Plan was last valued at January 1, 1987. An actuarial certificate issued that date showed the plan to be fully funded. The next actuarial review will be done as at January 1, 1989.

An agreement between the Province of Manitoba and The Workers Compensation Board of Manitoba allowed certain employees to remain in the Civil Service Superannuation Fund instead of the Employee Pension Plan. The Board has provided for the estimated liability in its accounts.

h) ADMINISTRATION EXPENSES AND OTHER CHARGES

These expenses, net of recoveries, are allocated proportionately to the Class E and Other Classes funds based upon the current year's benefit payments of each class.

The Board administers The Criminal Injuries Compensation Act for the Government of the Province of Manitoba and the employee compensation program of the Government of Canada. The operations of these administered programs are reflected only to the extent of the recoveries.

3. RECEIVABLES

Receivables consist of the following:

	(000's) 1988	(000's) 1987
Assessments billed and outstanding	$3,460	$1,584
Less: allowance for doubtful accounts	1,889	610
Assessments receivable	1,571	974
Sundry accounts receivable	189	369
Recoverable from the Government of Canada	228	35
	$1,988	$1,378

4. INVESTMENTS

	(000's) 1988	(000's) 1987
Bonds and debentures issued or guaranteed by the following:		
Province of Manitoba	$ 72,486	$ 72,426
Government of Canada	12,650	10,659
Corporations	33,252	21,448
Hospitals	7,048	7,564
Municipal Corporations	5,932	6,316
Province of Ontario	4,891	5,210
Province of Prince Edward Island	498	-
Province of Quebec	1,116	1,298
Province of Saskatchewan	1,141	167
Province of Newfoundland	50	50
Province of Alberta	3,839	984
	142,903	126,122
Mortgages, National Housing Act (Canada)	36,347	33,714
	$179,250	$159,836

The average remaining term to maturity of the mortgages was 59 months as at December 31, 1988; the average interest rate earned in 1988 was 10.29%. The average remaining term of the bonds and debentures was 7 years as at December 31, 1988; the average interest rate earned in 1988 was 10.19%.

5. SHORT-TERM DEPOSITS

Short-term deposits consist of the following:

	(000's) 1988	(000's) 1987
Short-term deposits with The Province of Manitoba	$56,680	$40,253
Bank overdraft	(742)	(2,985)
	$55,938	$37,268

Short-term deposits with The Province of Manitoba earned an average interest rate of 9.16% in 1988.

6. RECEIVABLE - THE PROVINCE OF MANITOBA

The receivable of $16,386,000 represents a contribution in recognition of the Board's interest income foregone as a result of reduced assessment rates during 1982 to 1987. The contribution was received in full in March, 1989.

7 FIXED ASSETS

Fixed assets consist of the following:

(000's)

	Cost	Accumulated Depreciation	1988 Net Book Value	1987 Net Book Value
Building	$1,879	$ 924	$ 955	$ 952
Automobiles	93	46	47	-
Furniture and fixtures	362	362	-	72
Leasehold improvements	41	24	17	22
	$2,375	$1,356	$1,019	$1,046

8 OTHER CHARGES

Pursuant to The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the Consolidated Fund and may, subsequently, recover such portion as it may determine from the class funds under The Workers Compensation Act. For 1988, the amount charged to operations under this provision was $3,117,671 (1987 - $2,322,408).

Also, under Section 108(3) of The Workers Compensation Act, the Province may pay the costs incurred in respect to Worker Advisors and may recover them from the class funds. For 1988, the amount charged to operations under this provision was $362,920 (1987 - $265,232).

Under Section 115 of The Workers Compensation Act, the Board will pay for charges of the Implementation Team.

9 CHANGES IN ACCOUNTING POLICIES

During the year, the Board made the following changes in its accounting policies:

a) The pension obligations provision includes capitalized values of pensions awarded using a 3% discount rate which provides for the estimated cost of anticipated legislative amendments and the deferred cost of pension increases is included in the accumulated unfunded liabilities. Previously, a 6% discount rate was used, as the deferred cost of legislated pension amendments was recorded as a receivable in the year awarded and recovered from the employer classes over a seven year period from the effective date of the amendment.

b) The future cost of existing claims provision was affected as follows:

   (i) The provision includes an estimate of the future cost of pension awards, calculated using a 3% discount rate, in respect of claims incurred prior to year end which may become pensionable claims in subsequent years. Previously, the future cost of anticipated pension awards, calculated using a 6% discount rate, was allowed for in this provision.

   (ii) The provision now also includes an estimate of the future cost of compensation, rehabilitation, medical aid and pension awards in respect of Class E claims incurred but not reported prior to year end and an estimate of the future cost of administration for Class E claims incurred prior to year end. Previously, these future costs were not allowed for in this provision.

   (iii) The provision now also includes an estimate of the future cost of compensation, rehabilitation, medical aid, pension awards and administration in respect of Classes ~~A to~~ D claims reported and claims incurred but not reported prior to year end. In respect of pension awards, the Other Classes are assessed for their respective pension awards using a 6% discount rate as opposed to a 3% discount rate which provides for the estimated cost of anticipated legislative amendments (see note 10). Previously, the future costs of these classes' claims were not allowed for in this provision. This change in accounting policy resulted from the Board's decision in 1988 to modify its administrative practice so as to more closely adhere to The Workers Compensation Act which requires the recognition of all program liabilities. Previously, the program liabilities in respect of Classes A to D were not recorded in the accounts as past administrative practice was to treat Classes A to D as "Self-Assured" employer classes and to account for their transactions on a cash basis of accounting.

c) The future cost of second injuries provision was affected as follows:

(i) The provision includes an estimate of the future cost of pension awards, calculated using a 3% discount rate, in respect of claims incurred prior to year end which may become pensionable claims in subsequent years. Previously, the future cost of anticipated pension awards, calculated using a 6% discount rate, was allowed for in this provision.

(ii) The provision now also includes an estimate of the future cost of compensation, rehabilitation, medical aid and pension awards in respect of claims incurred but not reported prior to year end. Previously, these future costs were not allowed for in this provision.

d) Merit rebates associated with the construction industry are recorded as deferred revenue. Previously, merit rebates were recorded using a cash basis of accounting. This merit rebate program has been eliminated for 1989.

These changes in accounting policies have been retroactively applied and the 1987 comparative figures have been restated. The effect of these changes in accounting policies on 1988 operations has been to decrease the Class E excess of operating costs over revenues by approximately $999,000 and to increase the Other Classes excess of operating costs over revenues by approximately $2,507,000. Had these changes in accounting policies, with their retroactive effects, not been made in 1988, there would have been a Class E unfunded liability of approximately $104,776,000 and an Other Classes receivable of approximately $945,000 at December 31, 1988.

The Workers Compensation Board of Manitoba

The 1987 comparative figures have been restated as follows:

	December 31, 1987 As Previously Reported	Adjustment		December 31, 1987 As Restated
ASSETS				
Receivables	$ 1,378	-		1,378
Investment in securities as authorized by The Trustee Act, Manitoba	159,836	-		159,836
Short-term deposits	37,268	-		37,268
Accrued interest on investments	3,512	-		3,512
Deferred cost of pension increases	30,919	(30,919)	(i)	-
Fixed assets	1,046	-		1,046
Total	$233,959	(30,919)		203,040
LIABILITIES AND RESERVES				
Accounts payable and accrued liabilities	$ 962	-		962
Other Classes funds	(438)	438	(ii)	-
Deferred revenue	-	1,091	(iii)	1,091
	524	1,529		2,053
Provisions for future payments:				
Pension obligations	194,566	56,458	(iv)	251,024
Future Cost of Existing Claims	110,574	53,521	(v)	164,095
Equalization Fund	264	(264)	(vi)	-
Future Cost of Second Injuries	10,549	2,519	(vii)	13,068
Rehabilitation Fund	13,075	(13,075)	(viii)	-
	329,028	99,159		428,187
Accumulated unfunded liabilities	(95,593)	(131,607)	(ix)	(227,200)
Total	$233,959	(30,919)		203,040

The Statement of Operations - Class E for the year ended December 31, 1987 has been restated as follows:

	December 31, 1987 As Previously Reported	Adjustment		December 31, 1987 As Restated
Assessment revenue less provision for doubtful accounts	$ 97,045	(524)	(x)	96,521
Interest income	21,908	-		21,908
	118,953	(524)		118,429
Operating costs:				
Compensation, inclusive of pension awards	48,131	4,606	(xi)	52,737
Medical aid	11,529	(1,586)	(xii)	9,943
Rehabilitation	6,724	-		6,724
Provision for future costs	40,497	5,500	(xiii)	45,997
	106,881	8,520		115,401
Administration	11,925	1,586	(xii)	13,511
Amortization of pension amendments:				
Principal	8,770	(8,770)	(xiv)	-
Interest	2,695	(2,695)	(xiv)	-
	130,271	(1,359)		128,912
Excess of operating costs over revenues	$(11,318)	835		(10,483)

The Statement of Operations - Other Classes for the year ended December 31, 1987 has been restated as follows:

	December 31, 1987 As Previously Reported	Adjustment		December 31, 1987 As Restated
Revenues:				
Assessment revenue	$10,132	-		10,132
Interest income	8	-		8
Other	13	-		13
	10,153	-		10,153
Operating costs:				
Compensation, inclusive of pension awards	5,180	-		5,180
Medical aid	1,597	(242)	(xii)	1,355
Rehabilitation	933	-		933
Administration	1,778	242	(xii)	2,020
Amortization of pension amendments:				
Principal	1,976	(1,976)	(xiv)	-
Interest	351	-		351
	11,815	(1,976)		9,839
(Deficiency) excess of revenues over operating costs before provision for future costs	(1,662)	-		314
Decrease in provision for future costs	-	(3,290)	(xv)	(3,290)
(Deficiency) excess of revenues over operating costs	$ (1,662)	5,266		3,604

The Workers Compensation Board of Manitoba

(i) Deferred cost of pension increases has been included in the accumulated unfunded liabilities.

(ii) Other Classes (formerly Self-Assurer) funds have been included in the accumulated unfunded liabilities.

(iii) Deferred revenues result from recording estimated merit refunds.

(iv) The net increase in the pension obligations provision (formerly Pension Fund) is a result of the following:

Increase in pensions awarded due to change in discount rate to 3% from 6%	$69,558
Reversal of 1987 increase in pension awards, calculated using a 6% discount rate, due to legislative amendment	$(13,100)
	$56,458

(v) The net increase in the Future Cost of Existing Claims provision is a result of the following:

Transfer of Rehabilitation Fund balance	$13,075
Inclusion of an estimate of the future costs of:	
Class E and Other Classes claims administration	6,179
Class E and Other Classes claims incurred but not reported prior to year end	7,895
Other Classes claims incurred prior to year end	15,054
Pension awards, calculated using a 3% discount rate from a 6% rate used previously	11,318
	$53,521

(vi) The December 31, 1987 balance in the Equalization Fund was transferred to the Future Cost of Second Injuries provision in 1988.

(vii) The increase in the Future Cost of Second Injuries (formerly Second Injury Fund) is a result of the following:

Transfer of Equalization Fund balance	$ 264
Inclusion of an estimate of the future costs of:	
Pension awards, calculated using a 3% discount rate from a 6% rate used previously	1,586
Future Cost of Second Injuries provision claims incurred but not reported prior to year end	669
	$2,519

(viii) The December 31, 1987 balance in the Rehabilitation Fund was transferred to the Future Cost of Existing Claims provision in 1988.

(ix) The net increase in the accumulated unfunded liabilities is a result of the following:

Inclusion of deferred cost of pension increases	$ 30,919
Reversal of 1987 increase in pension awards, calculated using a 6% discount rate, due to legislative amendments	(13,100)
Deferred revenue on merit rebates	1,091
Increase in pension obligation due to change in discount rate to 3% from 6%	69,558
Increase in provision for future costs due to:	
Claims incurred but not reported prior to year end	8,564
Class E and Other Classes claims administration	6,179
Other Classes claims incurred prior to year end	15,054
Pension awards, calculated using a 3% discount rate:	
Future Cost of Existing Claims provision	11,318
Future Cost of Second Injuries provision	1,586
Inclusion of Other Classes Funds balance	438
	$131,607

(x) The decrease in 1987 assessment revenue - Class E is a result of recording additional merit rebates as deferred revenue.

(xi) The increase in compensation, inclusive of pension awards, is a result of the increase in the pension obligation due to the change in discount rate to 3% from 6%.

(xii) Reclassification of the applicable employer class costs incurred in connection with the Rehabilitation Hospital to conform to the current year's financial statement presentation.

(xiii) The increase in the provision for future costs - Class E is a result of the following:

Increase in the estimates of the future costs of:	
Class E claims administration	$ 620
Class E claims incurred but not reported	283
Pension awards, calculated using a 3% discount rate from a 6% rate used previously	1,902
Inclusion of amortization of pension amendments - interest	2,695
	$5,500

(xiv) Deferred cost of pension increases has been included in the accumulated unfunded liabilities.

(xv) Decrease in provision for future costs - Other Classes represents the decrease from December 31, 1986 in the future cost of existing claims provision.

10. CAPITALIZED RESERVES

The Board's assessment practices neither were nor are in compliance with The Workers Compensation Act which requires a level of assessments sufficient to provide capitalized reserves for all program liabilities in the absence of a guarantee from the Federal or Provincial Government.

Class E employers are assessed on the basis of their estimated payrolls for the current year and the applicable industry assessment rate. Assessment rate increases have not been sufficient to provide for the required capitalized reserves.

In respect of the Other Classes employers, the Board's past and current administrative practice is to levy assessments only to the extent of:

1. Actual disbursements made on behalf of the Other Classes, and
2. Capitalized pension awards charged to these classes calculated using a discount rate which does not provide for future increases in pension benefits.

As a result of this practice, assessments charged to the Other Classes do not provide for any funds to capitalize reserves to pay for the estimated future cost of existing claims or the estimated future cost of increases in pension benefits due to legislated amendments.

The Board plans to address this issue of non-compliance with the Act with the Government of Manitoba and the insured employers in 1989.

11. RELATED PARTY TRANSACTIONS

In addition to related party transactions which have been individually disclosed, these financial statements also include amounts arising from routine operating transactions with various Government of Manitoba-controlled departments, agencies and corporations with which the Board is related. Account balances arising from these transactions are included in these financial statements.

12. LEASE COMMITMENTS

As at December 31, 1988, the Board had an aggregate future lease commitment of $686,706 in respect of leased facilities.

13. CONTINGENCY

As a result of a recent Supreme Court of Canada decision in a legal case with which the Board was not directly involved, the Board has a contingent liability in respect of assessments of workplace safety and health costs against federally-regulated industries. The existence and amount of this potential liability to refund such assessed costs is yet to be determined.

14. COMPARATIVE FIGURES

Certain of the 1987 comparative figures have been reclassified to conform to the current year's financial statement presentation.

Manitoba

THE WORKPLACE INNOVATION CENTRE

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Workplace Innovation Centre for the year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Workplace Innovation Centre as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

July 28, 1989
Winnipeg, Manitoba.

EXHIBIT A

THE WORKPLACE INNOVATION CENTRE

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

ASSETS

	1989	1988
Current		
Cash	$ 20,821	$ 62,980
Accounts receivable	9,789	-
Prepaid expenses	2,556	3,400
	33,166	66,380
Fixed, at cost (Note 2b)		
Furniture and equipment	-	56,682
Leasehold improvements	7,483	7,483
	7,483	64,165
	$ 40,649	$ 130,545

LIABILITIES AND FUND BALANCE

	1989	1988
Current		
Accounts payable	$ 8,759	$ 9,735
Total liabilities	8,759	9,735
The Workplace Innovation Centre Fund - Funds retained for working capital and future operations:		
Balance, beginning of year	56,645	217,518
Excess of expenditures over revenues for the year, Exhibit B	(32,238)	(160,873)
Balance end of year	24,407	56,645
Investment in fixed assets (Note 2b)	7,483	64,165
	$ 40,649	$ 130,545

EXHIBIT B

THE WORKPLACE INNOVATION CENTRE

Statement of Revenues and Expenditures
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenues:		
Grant received from the Government of the Province of Manitoba - Jobs Fund Trust Account	$ 223,400	$ 114,824
Interest	1,716	6,067
Project	950	792
Seminars	1,613	-
Contracts	43,793	-
	271,472	121,683
Expenditures:		
Accounting and audit	7,956	6,980
Bad debts	2,487	-
Board travel and expenses	4,119	4,322
Conference and seminar expenses	9,869	28,425
Consultant's fees and expenses	17,605	36,672
Furniture and equipment	1,239	2,688
Equipment rental, maintenance and repairs	8,231	7,346
Miscellaneous	1,856	2,098
Office supplies, printing and postage	16,815	10,007
Rent - office and parking	24,203	24,636
Research grant - University of Manitoba	10,000	-
Salaries and benefits	142,458	136,242
Staff recruitment and development	1,959	5,190
Staff travel and expenses	8,089	14,031
Telephone	4,223	3,919
	261,109	282,556
Excess of revenues over expenditures (expenditures over revenues), before extraordinary items	10,363	(160,873)
Extraordinary items:		
Proceeds from the sale of furniture and equipment	17,399	-
Funds returned to the Government of the Province of Manitoba - Jobs Fund Trust Account	(60,000)	-
	(42,601)	-
Excess of expenditures over revenues, Exhibit A	$ (32,238)	$(160,873)

THE WORKPLACE INNOVATION CENTRE

Notes to Financial Statements
March 31, 1989

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1. Incorporation and Function

The Workplace Innovation Centre was established in 1985 by an Act of the Legislature, The Workplace Innovation Centre Act.

The Centre was established to address the human dimension of technological change through the involvement of business, labour, education, government and the community in innovative ways of working together to promote the principle of equitable distribution of the risks and rewards of technological change.

The Centre has commenced winding up its operations.

2. Accounting Policies

a) General

The accompanying financial statements have been prepared on an accrual basis, except that purchases of fixed assets are charged to operations in the year of acquisition.

b) Fixed Assets

The balance sheet reflects fixed assets at cost with a corresponding credit to "Investment in fixed assets". The Centre's policy is to remove the cost of all physical assets from the accounts which have

- become obsolete during the year,
- been sold or otherwise disposed of during the year, or
- in the case of leasehold improvements, a full write-off will be recorded at the termination of the lease period.

c) Services Provided by the Government of the Province of Manitoba

The cost of services provided by the Government of the Province of Manitoba as outlined in Note 3 are not reflected in these financial statements.

THE WORKPLACE INNOVATION CENTRE

Notes to Financial Statements
March 31, 1989

3. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides legal services at no charge to the Centre. The cost of these services has not been estimated.

4. Lease Commitment

The Centre has a commitment of $8,350 for leased facilities to August 31, 1989.